

2013

HRTM 479: Perspectives on the Hospitality Industry (Capstone Course)—A Peer Review of Teaching Project Benchmark Portfolio

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Peer Review of Teaching Portfolio

2013

HRTM 479: Perspectives on the Hospitality Industry (Capstone)
Hospitality, Restaurant and Tourism Management

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Introduction

This Peer Review of Teaching course portfolio for HRTM 479: Perspectives on the Hospitality Industry (Capstone) was submitted by Dipra Jha; Assistant Professor of Practice; Hospitality, Restaurant and Tourism Management; Department of Nutrition and Health Sciences at University of Nebraska Lincoln. Contact information: (402) 472-9547; email: djha2@unl.edu

Objectives

This course portfolio has the following objectives:

- To summarize assessment of student learning at Level 6: Evaluation, as per Bloom's Taxonomy.
- To summarize evaluation of student learning at Level 2 (Learning), as per Kirkpatrick's Four Level Evaluation Model.
- To investigate assessment of student learning to demonstrate achievement of ACE Student Learning Outcome 10: Generate a creative or scholarly product that requires broad knowledge, appropriate technical proficiency, information collection, synthesis, interpretation, presentation and reflection.
- To propose changes and enhancements to this course based on knowledge gleaned through the Peer Review of Teaching portfolio process.

Course Description

HRTM 479: Perspectives on the Hospitality Industry is a senior capstone course for Hospitality, Restaurant and Tourism management majors. It integrates hospitality core and content courses into managerial and leadership practice within the hospitality, restaurant and tourism industry. Prerequisites of this course include senior standing; Hospitality, Restaurant and Tourism Management Major; and completion of 6 credits from the following courses: HRTM 474/874 Food and Beverage Management; HRTM 485/885 Advanced Lodging Operations; or HRTM 489/889 Advanced Events Management.

At the completion of this course, it is expected students will be able to:

1. Demonstrate management's role in the hospitality organization.
2. Actualize planning into practice through implementation, evaluation and revision of organizational plans and interventions.
3. Propose leadership development strategies for hospitality organizations.
4. Utilize management principles of planning, organizing, evaluating and controlling in hospitality organizations.

The course assessed was offered during spring semester 2013. Enrollment was 24 and a copy of the syllabus can be found in **Appendix 1**.

Teaching Methods

This course utilized a variety of teaching methods including reading assignments, discussions, guest lecturers, in-class activities, case studies and business plan projects. Two textbooks and a case manual was mandatory for this course. Case studies published by Harvard Business School and germane to the hospitality and tourism industry were used.

It was the first time the course was taught by this instructor. It was also used as part of the Peer Review of Teaching portfolio process for the first time. A significant change from previous years and/or instructors was to incorporate several case studies from Harvard Business School with an intent to achieve student learning at the highest level (Level 6: Evaluation) as per Bloom's Taxonomy. An example of typical case studies used is available in **Appendix 2**. The following grading rubric was used for assessment and evaluation of student learning for case study assignments:

	Case Study Analysis Follow this rubric for all case study analysis submissions Submit via Blackboard link
1	Title page: Assignment #; case study title; author(s); your name; assignment due date
2	Executive summary: summarize your analysis (not to exceed one page). Be succinct!
3	Table of contents
4	Issues statement: clearly identify the issues germane to this case
5	Analysis
6	Alternative action: what alternative action would you have taken if presented with this situation / circumstance?
7	Recommendation: recommend possible solutions and articulate your rationale
8	Implementation plan: how would you implement your recommendations?
9	Exhibits/Appendices

An explanation of analysis of student learning has been provided later in this document.

In addition, this course fulfills the requirements of ACE Student Learning Outcome 10: Generate a creative or scholarly product that requires broad knowledge, appropriate technical proficiency, information collection, synthesis, interpretation, presentation and reflection. The scholarly product is a Hospitality Business Development Portfolio, commonly known as a business plan. The following grading rubric was used to determine if student learning was compatible with ACE 10 expectations at University of Nebraska Lincoln, as well as Level 2 (Learning), proposed by Kirkpatrick's Four Level Evaluation Model.

Business Plan	
Follow this rubric for preparing your business plan	
Submit via Blackboard link	
I.	Cover Sheet including logo
II.	Table of Contents
III.	Executive Summary
IV.	Description of Business
V.	Market Overview
VI.	Business Opportunity
VII.	Financial projections: Six Key Financial Assumptions, Balance Sheet, Cash Flow Statement, Debt Service, Returns Analysis
VIII.	Organization Chart
IX.	Position Description of Key Managers
X.	Four articles to support the plan with correct APA citation
XI.	Bibliography: Cite sources used in development of Business Plan

Course and broader curriculum in the HRTM program

Hospitality, Restaurant and Tourism Management (HRTM) is a business-oriented discipline. The key objective of HRTM 479: Perspectives on the Hospitality Industry (Capstone) is to integrate knowledge gleaned by students from a variety of other courses in operations, management, marketing and finance and demonstrate their understanding of all aspects of a business by producing a feasible business plan. Review of research literature, as well as employer feedback, suggest an overwhelming percentage of HRTM students graduate with solid operational skills but inadequate business skills. This course, therefore, plays an important role to bridge this gap and prepare students to be effective business managers in a 21-st century workplace.

Analysis of Student Learning

For this portfolio, two assignments were considered for analysis of student learning. They are case study analysis and development of a business plan. Students were assigned four case studies to analyze. Each analysis was worth 50 points and a grading rubric was provided. The business plan was an all-semester project with periodic updates required as part of in-class activities. It was worth 100 points and a grading rubric was provided.

Using the grading rubric provided under “Teaching Methods”, grade distribution for the case study analysis suggests 38% of students enrolled were able to achieve Level 6: Evaluation, as per Bloom’s Taxonomy. They were able to identify the issue(s), analyze the case, suggest alternative action(s) and recommendations, articulate an implementation plan, and summarize their findings.

Using the grading rubric provided under “Teaching Methods”, grade distribution for the business plan assignment suggests 33% of students enrolled were able to achieve ACE 10

learning outcomes as well as Level 2(Learning) proposed by Kirkpatrick's Four Level Evaluation Model. They were able to offer a comprehensive rationale for their proposed business including logical and feasible financial forecasting. Several students struggled with financial forecasting and seemed to lack knowledge of fundamental business concepts like profit and loss account, cash flow statement and balance sheet.

Please see **Appendix 3** for examples of student work which met expectations as per the grading rubric for the business plan assignment.

In summary, analysis of student learning for this course suggests while one-third of the class is well prepared to be effective managers or entrepreneurs, two-thirds of students in this course lacked adequate business and financial skills to be successful.

Proposed changes

Based on this portfolio the following changes are proposed:

- A quiz in business finance covering basic concepts to be administered during second week of class to assess student competency.
- Based on this quiz, a rapid refresher covering basic business finance will be taught over two class periods.
- Peer groups will be established for business plan assignment. Students will be asked to work in groups on their financial projections as part of in-class activities.
- A seminar on understanding and analyzing case studies will be offered early in the semester,
- Local entrepreneurs with an understanding of business finance will be invited as guest speakers to reinforce the importance of financial intelligence in the modern workplace.
- New rubrics for assessment and evaluation of student learning will be created.

Summary

The Peer Review of Teaching portfolio process was immensely helpful to me as an instructor. The process allowed me to use my understanding of instructional design and assess an important course in the HRTM curriculum. It generated findings that will help me improve this course and others in the future and be a better instructor.

Appendix 1: Syllabus

University of Nebraska Lincoln Hospitality, Restaurant and Tourism Management HRTM 479: Perspectives on the Hospitality Industry Spring 2013 /Class # 5662 Monday, Wednesday, Friday 8:00 A.M. – 8:50 A.M., Leverton 204

Syllabus

Instructor: Dipra Jha
Office: 202E Ruth Leverton Hall
Office Hours: Mondays and Wednesdays, 2:00 – 3:00 PM OR By Appointment
Phone: (402) 472-9547
Email: djha2@unl.edu

Course Description:

Integration of hospitality core and content courses into managerial and leadership practice within the hospitality, restaurant and tourism industry.

ACE 10 Learning Outcome:

This class fulfills the requirements of ACE Student Learning Outcome 10: Generate a creative or scholarly product that requires broad knowledge, appropriate technical proficiency, information collection, synthesis, interpretation, presentation and reflection. This scholarly product will be a Hospitality Business Development Portfolio.

Prerequisites:

Senior Standing, Hospitality, Restaurant and Tourism Management Major; 6 credits from the following: HRTM 474/874; HRTM 485/885: or HRTM 489/889.

Course Objectives:

At the completion of this course students will be able to:

5. Demonstrate management's role in the hospitality organization.
6. Actualize planning into practice through implementation, evaluation and revision of organizational plans and interventions.
7. Propose leadership development strategies for hospitality organizations.
8. Utilize management principles of planning, organizing, evaluating and controlling in hospitality organizations

Teaching Methods:

Reading assignments, discussion, guest lecturers, in class activities, case studies and business plan projects.

Required Textbooks:

Lundberg, C.C. & Young, C.A. (2009). The Hospitality Case Manual. Prentice Hall. Pine II, B.J. & Gilmore, J.H.(2011). The Experience Economy. Harvard Business Review Press.

Rogoff, E.G. (2007). Bankable Business Plans (2nd Ed.). Rowhouse Publishing.

Technology/Material Requirements: UNL Blackboard Account**Guest Speakers:**

Guest speakers will address the class from time to time. Students are requested to be on time for class, dress in appropriate business attire, and remain in class for the class period, unless an emergency situation develops.

Determination of Grade:

In general, students can determine their standing in the course throughout the semester by keeping track of points on each assignment. Students can also access their grade and points for assignments by using their UNL Blackboard account. If a student has questions regarding an earned grade on an assignment or need clarification regarding a grade, they should come to see the professor during office hours or should make an appointment to see the professor in order to discuss their questions. Grades will not be discussed during class hours.

If there is an opportunity to complete extra credit, the professor will announce it during class time to give opportunity to all students to be able to get an extra credit.

Attendance/Participation:

As a senior level course, attendance is expected and roll will be taken at any time during class. Attendance is important to your learning and to the learning of the others in the class. Students are required to sign the sign-up sheet provided.

A student who misses class for six (6) meetings will get zero (0) for attendance points. Note: A valid excuse is sickness (verified by physician), death in the

immediate family (must be verified), or on a case-by-case basis. Any absence other than university-approved absence will result in the loss of attendance points. It is in the best interest of the student to notify the instructor of any unforeseen circumstances that would cause the student to miss class as soon as possible. Every time a student misses a class, the student will miss the attendance points for that particular class. There is no make-up for missed attendance points.

It is not enough to merely attend class, but participation in class activities, projects, and discussions are required. Participation is expected of all students in this class. And, it is expected to be active, enthusiastic, regular, intelligent, and with a highly visible role by the student. This is a senior level class which will require you to get-involved, analyze cases, work in small groups, regularly challenge others around you, and constructively make hotel operations “come to life.” Everyone is expected to pull his or her weight in terms of class participation. Excessive absences, lack of participation in class, lack of regular contribution to in-class discussions based on readings in advance, etc. will all negatively affect your participation grade.

Getting to class on time is also important for a positive classroom environment. Please note that disruptive behavior, tardiness, tone and positive/negative comments will be a component of your attendance/participation grade. It is not enough to “come to class”- be involved and help yourself and others to learn.

Class Activity:

During class time, students will be required to conduct class activities related to the topic discussed in class. Activities can be done individually or by team. This can be in or out-of-class activities. Unannounced class activities will be conducted. There is no make-up for missed class activities.

Assignments:

Homework assignments will be assigned as required by the professor. Homework assignments may be online, paper-based or both. Pay attention to the due dates as specified by the professor. Late assignments will **not** be accepted, except in case of extreme emergency **pre-approved** by the professor. Assignments are due at the **beginning** of the class period on which they are due.

Case Studies (4 x 50 points)

See syllabus for individual assignments and due dates. Read Chapter 10, p.105-108 (The Hospitality Case Manual) first before you attempt case study assignments. Strictly follow rubric on p.107 in the Case Manual for this assignment. Points will be deducted if rubric is not followed. Submit via Blackboard only. MS Word format preferred.

Business Development Portfolio (100 points)

Develop a comprehensive business plan for a hypothetical business of your choice. Strictly follow rubric as suggested by Rogoff (2007). Submit via Blackboard only. Adobe PDF format preferred. **Due Monday, April 15th by 8:00 A.M.** Present a 10-minute summary of your business plan in class using PowerPoint, Prezi or similar media. See syllabus for presentation dates. To earn full points for this assignment, business plan document as well as in-class presentation will be REQUIRED.

Grading/Course Requirements:

Case Studies (4 @ 50 points each)	200 points
Business Development Portfolio	100 points
Class Activities	100 points
Attendance/Participation	100 points
<u>TOTAL</u>	<u>500 points</u>

Grade Distribution:

A = 450-500

B = 400-449

C = 350-399

D = 300-349

F = 299 and below

Specific Department Grading Requirement:

For students who are hospitality management major, a grade of C or better for this course is required in order to have the class count toward the degree and for graduation.

Grade Review:

Students have the opportunity to discuss grades or evaluations. You may schedule a meeting during the professor's office hours or if the student is not

available during the professor's office hours, he/she may arrange an appointment with the professor outside of office hours.

Grade of "I":

For the completion of course work to remove a grade of "I", the student must adhere to the standards in the student handbook of the University of Nebraska-Lincoln.

Statement of Academic Dishonesty:

"Academic honesty is essential to the existence and integrity of an academic institution. The responsibility for maintaining that integrity is shared by all members of the academic community. To further serve this end, the University supports a Student Code of Conduct which addresses the issue of academic dishonesty.

Diversity Statement:

"The University of Nebraska-Lincoln is committed to a pluralistic campus community through Affirmative Action and Equal Opportunity. We assure reasonable accommodation under the Americans with Disabilities Act. Students with disabilities are encouraged to contact the instructor for a confidential discussion of their individual needs for academic accommodation. It is the policy of the University of Nebraska- Lincoln to provide flexible and individualized accommodation to students with documented disabilities that may affect their ability to fully participate in course activities or to meet course requirements. To receive accommodation services, students must be registered with the Services for Students with Disabilities (SSD) office, 132 Canfield Administration, (402) 472-3787 voice or TTY".

Statement indicating that cell phones, pagers, beepers must be turned off:

Once class starts, cell phones, beepers, pagers and similar electronic devices must be turned off. Texting, instant messaging, facebook and twittering during class time is not condoned. Students will be asked to leave the class if observed engaging in such behavior.

Demeanor:

The policies of this class are and will be adhered to the policies of the University of Nebraska - Lincoln (refer to current UNL Undergraduate Student Handbook). Students will conduct themselves according to the rules of the University of

Nebraska-Lincoln. Provocative attire, foul or vulgar language use or disruptive behavior will not be tolerated. No part of this class material or lecture may be reproduced in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, without written permission of the professor. Any violation to the above rules will result in dismissal from the class.

Communication between instructor and students:

Email is the official mode of communication at UNL. Students are responsible for checking their UNL email for communication regarding this class.

Make-ups:

Make-up exams are given on a case-by-case basis. Only students who missed an exam and have a valid excuse will be allowed to take the make-up exam. Excuses must be turned in the day the student returns to class. There will be no make-ups for in-class activities and quizzes.

Academic Freedom:

Over the course of this semester we will address a variety of controversial topics, including matters of race, gender, culture, religion, morality, sexuality, and violence. You have a right to believe whatever you believe about such matters and are encouraged to express your views on all matters relevant the course, even if others in the class may be offended or upset by those views. You also have a right to express your disagreement with whatever views I or others in the class express. Finally you have a right to decide whether or not to modify your views. Your grade in the class will be based on your understanding and reasoning, not on your opinions.

Civility:

Individuals are expected to be cognizant of what a constructive educational experience is and respectful of those leading and participating in a learning environment. Failure to do so can result in disciplinary action.

Copies of Work:

It is recommended that students make a copy of any submitted assignments they turn into the instructor as a record and back-up of their work.

Course Schedule

(Subject to change at the discretion of the professor)

Date	Topic	Readings/ Assignment
Monday Jan 7	Introduction and Syllabus	Download syllabus from Blackboard.
Wednesday Jan 9	Review of assignments and expectations	Rogoff: Part 1
Friday Jan 11	The Power of a Bankable Business Plan	Rogoff: Part 1
Monday Jan 14	Action Step 1 Define Your Company	Rogoff: Part 2
Wednesday Jan 16	Action Step 2 Identify Your Company's Initial Needs	Rogoff: Part 2
Friday Jan 18	Action Step 3 Choose A Winning Strategy	Rogoff: Part 2
Monday Jan 21	Martin Luther King Holiday	No class
Wednesday Jan 23	Action Step 4 Analyze Your Market	Rogoff: Part 2
Friday Jan 25	Case Study 1 discussion The Bagel Hockey Case (p.111-114)	Case Study 1 due by 8:00 A.M. via Blackboard
Monday Jan 28	Action Step 5 Develop A Strong Marketing Campaign	Rogoff: Part 2
Wednesday Jan 30	Action Step 6 Build A Dynamic Sales Effort	Rogoff: Part 2
Friday Feb 1	Action Step 7 Design Your Company	Rogoff: Part 2
Monday Feb 4	Work on Business Development Portfolio	No class Dipra gone to Nebraska Agri Tourism Conference, North Platte, NE
Wednesday Feb 6	Work on Business Development Portfolio	No class Dipra gone to Nebraska Agri Tourism Conference, North Platte, NE
Friday	In class activity:	

Feb 8	Business Development Portfolio Progress Report 1	
Monday Feb 11	Action Step 8 Target Your Funding Sources	Rogoff: Part 2
Wednesday Feb 13	Action Step 9 Explain Your Financial Data	Rogoff: Part 2
Friday Feb 15	Action Step 10 Use the RMA Data	Rogoff: Part 2
Monday Feb 18	Putting it into Action	Rogoff: Part 3
Wednesday Feb 20	What a Business Plan Should Look Like	Rogoff: Part 3
Friday Feb 22	How To Create a Time Line	Rogoff: Part 3
Monday Feb 25	Present Yourself In The Best Light	Rogoff: Part 3
Wednesday Feb 27	Make A Great In-person Presentation	Rogoff: Part 3
Friday March 1	Case Study 2 discussion The Box Tree (p.133-141)	Case Study 2 due by 8:00 A.M. via Blackboard
Monday March 4	Welcome to the Experience Economy	Pine: Chapter 1
Wednesday March 6	Setting the Stage	Pine: Chapter 2
Friday March 8	The Show Must Go On	Pine: Chapter 3
Monday March 11	Get Your Act Together	Pine: Chapter 4
Wednesday March 13	Experiencing Less Sacrifice	Pine: Chapter 5
Friday March 15	In class activity: Business Development Portfolio Progress Report 2	
Monday March 18	Spring Break	No class
Wednesday March 20	Spring Break	No class
Friday	Spring Break	No class

March 22		
Monday March 25	Work is Theater	Pine: Chapter 6
Wednesday March 27	Performing to Form	Pine: Chapter 7
Friday March 29	Case Study 3 discussion The Danbury Hotel (p.161-168)	Case Study 3 due by 8:00 A.M. via Blackboard
Monday April 1	Now Act Your Part	Pine: Chapter 8
Wednesday April 3	The Customer Is the Product	Pine: Chapter 9
Friday April 5	Finding Your Role in the World	Pine: Chapter 10
Monday April 8	In class activity: Experience Economy Review	
Wednesday April 10	In class activity: Business Development Portfolio review	
Friday April 12	In class activity: Business Development Portfolio review	
Monday April 15	Business Development Portfolio presentations (PowerPoint, Prezi or similar;10 minutes per student)	Business Development Portfolio due by 8:00 A.M. via Blackboard/Email. PDF format ONLY Presentations
Wednesday April 17	Business Development Portfolio presentations (PowerPoint, Prezi or similar;10 minutes per student)	Presentations
Friday April 19	Business Development Portfolio presentations (PowerPoint, Prezi or similar;10 minutes per student)	Presentations
Monday April 22	Business Development Portfolio presentations (PowerPoint, Prezi or similar;10 minutes per student)	Presentations
Wednesday April 24	Case Study 4 discussion On The Way to the Pinnacle (p.229-239)	Case Study 4 due by 8:00 A.M. via Blackboard

Friday April 26	In-class activity: What did I learn from this class?	Complete course evaluation
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Appendix 2: Case Study Example



H A R V A R D | B U S I N E S S | S C H O O L

9-601-163

REV: SEPTEMBER 30, 2005

SANDRA J. SUCHER
STACY E. MCMANUS

The Ritz-Carlton Hotel Company

The Master said, Govern the people by regulations, keep order among them by chastisements, and they will flee from you, and lose all self-respect. Govern them by moral force, keep order among them by ritual, and they will keep their self-respect and come to you of their own accord.

— The Analects of Confucius

James McBride, general manager of the new Ritz-Carlton in Washington, D.C., faced the largest challenge of his successful career. A proven veteran of the luxury hotel chain's march across Asia, McBride's most recent assignment was as the general manager of the 248-room Ritz-Carlton in Kuala Lumpur. Opened in 1998, the hotel was named "Best Hotel in Asia-Pacific" in the eighth *Business Traveler Asia/Pacific* magazine Travel Awards Subscribers' Survey and, for two consecutive years, "Best Business Hotel in Malaysia" by *Business Asia* and Bloomberg Television.¹ As Nikheel Advani, food and beverage services director for the Washington hotel, noted: "James is excellent—we have opened many hotels together. In the place where you didn't think that it had a chance, he made it the best hotel. That's his talent. That's what he can do really well. It's for the entrepreneurial person who wants to get involved and who thinks they can make a difference."

But this was a new situation, even for McBride. For the first time, The Ritz-Carlton was opening a

hotel that was part of a multi-use facility. Owned by Millennium Partners and located in the historic Foggy Bottom district of Washington, D.C., the \$225 million “hospitality complex” covered two-and-a-half acres and included 162 luxury condominiums, a 100,000 square-foot Sports Club/LA, a Splash Spa, three restaurants, 40,000 square feet of street-level restaurants and retail shops featuring the latest designs from Italy and other countries, as well as the 300-room hotel. While The Ritz-Carlton had already signed contracts to manage five other hotels for Millennium Partners, the upscale property developers had also inked deals with the Ritz’s foremost competitor—the Four Seasons. Brian Collins, manager of hotels for Millennium Partners, had his own ideas about what constituted luxury service and how the hotel’s general manager should approach the new-hotel opening. Under pressure from Collins, McBride was reexamining the “Seven Day Countdown,” a hallmark of The Ritz-Carlton’s well-defined hotel-opening process. Any changes McBride made could not only affect his company’s future relationship with Millennium Partners but also the carefully guarded Ritz-Carlton brand.

¹ *The Mystique: The Ritz-Carlton Hotel Company, L.L.C. Employee Newsletter*, Winter 2000.

Senior Lecturer Sandra J. Sucher and Research Associate Stacy E. McManus prepared this case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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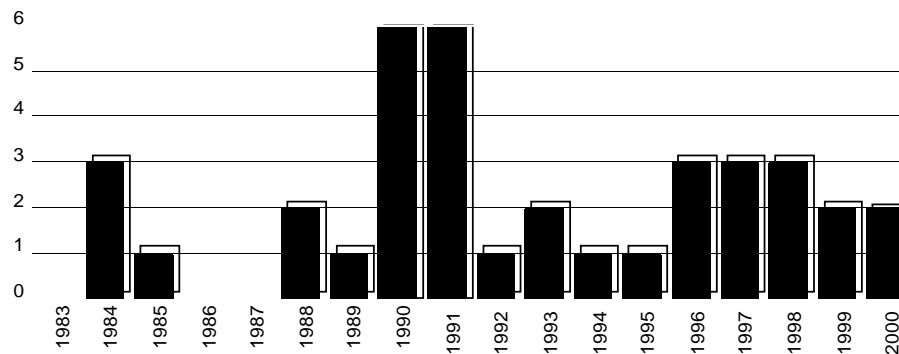
The Ritz-Carlton History

In 1898, Cesar Ritz saw his dream come true. Having left behind his life as a shepherd in Switzerland, he moved to Paris where he worked in some of the finest hotels and restaurants in the city before finally opening the grand hotel that bears his name. One year later, he opened London's Carlton Hotel, setting the stage for what would ultimately become The Ritz-Carlton Hotel Company.

Relying on the famous hotelier's vision of excellent personalized service that satisfied the most discerning guests, The Ritz-Carlton expanded to North America. One Great Depression and two world wars later, many of the luxurious hotels had folded. By 1983, when the Atlanta-based Johnson Company bought the North American rights to The Ritz-Carlton name, only the hotel in Boston had survived, thanks to the largesse of a wealthy property owner. From 1983 until 1997, The Ritz-Carlton expanded domestically and internationally under the Johnson Company's ownership.

In 1997, Marriott International purchased The Ritz-Carlton, which operated as a wholly owned subsidiary. By the end of 2000, The Ritz-Carlton was primarily a management company operating 38 hotels and resorts across the globe (see **Exhibit 1** for comparisons between The Ritz-Carlton and Four Seasons), with minority equity stakes in 10 properties and outright ownership of 3 hotels. The primary growth strategy for The Ritz-Carlton was to obtain management contracts for new hotels and resorts around the world (see **Figure A**).

Figure A Ritz-Carlton New-Hotel and Resort Openings Since 1983



Source: Company. Number of openings represent only those that remained under the management of The Ritz-Carlton Hotel Company through 2000.

Millennium Partners Overview

Millennium Partners was a New York-based real estate development group founded in 1990 by Christopher Jeffries, Philip Aarons, and Philip Lovett. The principals initially set out to create high-end luxury apartments that would command premium prices from wealthy individuals looking for second or third homes in world-class cities. Millennium's Lincoln Square four-building complex in New York City was their first project, setting the tone for future developments. The address for celebrities such as Regis Philbin and Rosie O'Donnell also included the renowned Reebok Sports Club/NY, as well as the highest-grossing theater complex in the United States—Sony's 12-screen Lincoln Square multiplex.

Brian Collins joined Millennium Partners Management in December 1996 as their CFO, subsequently becoming the COO and a partner, as well as a principal and the president of Millennium Hospitality Partners. Collins explained how they came to be hotel owners:

We are residential developers who ended up in the hotel business. It was not our intention to end up owning eight hotels, which is what we have under construction today—six Ritz-Carltons and two Four Seasons. Our intention was to create a base for our luxury apartments. Our vision is that apartments sell for a substantial premium if they have height, light, and views. The trick then was what to create below those apartments, which is both economical and adds to the residential experience, which also lifts it up in the air. So you try to do it with the best theater company, one who understands our vision. Then we're starting on the third floor. And you try to do it with a Sports Club. Their box, their basketball court, is about 29 feet, and that's another three stories. So if we do nothing else but have those two, we're 60 feet in the air. Washington's a bad example, because we have a 110-foot height limit. In San Francisco, the hotel is 13 stories, so the apartments are starting maybe 250 feet up in the air. And now you don't have any apartments that don't have height, light, and views.

The other thing that helps sell residential properties is services. We said "Well, how can we solve this service problem? How do we convince people that they're going to get great, great, great service?" And Chris Jeffries hit on the idea of a luxury hotel. At the high end of the market, there's really two choices: Ritz-Carlton and Four Seasons. Ritz and Four Seasons are clearly the best hotel operators. So we've approached both, and we're doing deals with both.

Business Model

Millennium Partners was one of the several hotel owners for whom The Ritz-Carlton managed properties. The Ritz-Carlton charged management fees that were typically 3% of gross revenues, augmenting their income stream with revenues from land rent, resort timesharing, franchise fees, management incentives, and profit sharing.² While there were many independently owned and operated luxury hotels around the world, The Ritz-Carlton and Four Seasons were the two most internationally recognized chains serving the highest end of the market.

Two key indicators of success in the hotel industry were the average daily rate (ADR) and the revenue per available room (RevPAR; see **Exhibit 2**). While the ADR was bounded on the upper end by what the local markets would bear, RevPAR was influenced by both ADR and occupancy rates. Filling hotel rooms was crucial, and The Ritz-Carlton's general managers aggressively pursued their two main customer groups: (1) independent travelers, and (2) meeting event planners.

Guests

Independent travelers, whether for business or pleasure, were courted in a variety of ways. For instance, when McBride was the general manager of The Ritz-Carlton in Kuala Lumpur, he greeted travelers at the airport with mimosas and discount coupons presented on silver trays, serenaded them with piano concertos, and even created a hotel room in the airport, complete with an armoire, bed, television, and other accoutrements representative of the hotel's furnishings. As he prepared for the opening of the new hotel in Washington, D.C., McBride held an afternoon tea in Washington

² 1999 Marriott Lodging Annual Report.

Circle, with 100 ambassadors, prominent citizens, and members of the media enjoying the city's famed cherry blossoms as they rode to the tea in horse-drawn carriages and open trolleys.

Additionally, McBride worked to attract business travelers to The Ritz-Carlton. In Kuala Lumpur, he introduced the "Technology Butler," which comprised a staff of technicians available 24 hours a day to assist guests with computing problems and other technological difficulties. In Washington, McBride created a concierge desk at the Delta Shuttle at National Airport, implementing airport check-in procedures which provided customer convenience that outpaced the competition.

Beyond the individual initiatives of general managers, The Ritz-Carlton worldwide focused on the role of meeting events in attracting independent business travelers. The Ritz-Carlton recognized that event attendees were previewing the hotel, making every interaction they had during their stay another step in a "progressive trial." This perspective reflected the organization's recognition that their product pipeline was different from those of many others—the customers had to come to them. Because they attracted many individual guests at once, meeting event planners were seen as "the vital few" customers, representing a small number of organizations that held many large meetings in various locations around the world. These "vital few" accounted for 40% of annual sales income. According to Patrick Mene, The Ritz-Carlton's corporate vice president of quality:

Our event business pays the mortgage. The individual traveler helps us with our profitability. The nature of our business is that a guest room and space is the most perishable product we have. An apple left unsold today can be sold tomorrow, but a room night lost today is lost forever—it's an extremely perishable product. That's why the meeting business is so desirable, because it is presold, it's contracted, and it's a growing market. It's a more controllable segment of our business.

Management Contracts

Having a strong meeting events business helped The Ritz-Carlton maintain profitability and provided property owners with acceptable returns on their investments (typically 10% to 12%, unleveraged). Nevertheless, the expense involved in operating luxury hotels (see **Exhibit 3**) sometimes strained relations between the management company and the property owners.

During the early 1980s when the hotel industry was growing at a healthy pace, traditional management contracts tended to meet the needs of both owners and operators. However, owners throughout the hotel industry had been agitating for more voice in how their properties were managed. A strong supply of management companies and a sudden decline in hotel demand led to owners gaining leverage in the management contract negotiation process,³ a change that was facilitated by the U.S. real estate crash of the late 1980s. Many property owners lost their investments, some of whom had contracted the services of The Ritz-Carlton.

In fact, had it not been for such difficulties, The Ritz-Carlton might never have been working with Millennium Partners on the new Washington, D.C., multi-use facility. The Ritz-Carlton had previously operated a hotel in that city, but the owner, Saudi Arabian sheik Abdul Aziz bin Ibrahim al-Ibrahim, sued the company in 1995, alleging that The Ritz-Carlton operated for its own profit to the detriment of the property owner's interest. Mene provided his perspective on the situation:

³ James J. Eyster, "Hotel Management Contracts in the U.S.: The Revolution Continues," *Cornell Hotel and Restaurant Administration Quarterly* 38 (3) (June 1997): 14–20.

The lawsuit involved four hotels located in New York, Washington, Aspen, and Houston, all owned by the same person. It made all the major business publications. Quite frankly, the owner just paid too much for these hotels. Our performance was noble, but he wasn't going to get his return on investment for a while, and his advisors never told him that. He just paid too much for the hotels and wanted to shift the blame to us. It took a little bit of luck, although we did walk away from him. I don't want to say the owner relations are adversarial in a typical hotel contract, but they can become strained.

Quality at The Ritz-Carlton

When Patrick Mene joined The Ritz-Carlton in 1990 as the chief quality officer, his primary mission was to integrate and prioritize the values and concepts of the Malcolm Baldrige National Quality Award criteria at all the company's hotels around the world. But before financial resources could be allocated to operational process improvements, Mene had to convince Horst Schulze, The Ritz-Carlton's president and COO since 1984 (see **Exhibit 4** for a partial organizational chart), of the importance of system and process development. As Mene recalled:

When I got here, human resources was literally the dominant function in this company. And I said, "Let's take this—we hired the right person. They're a perfect Lady and Gentleman, they went through orientation. Let's put them at the front desk. And the desk is too high to work with, and the temperature is too hot, and the computer has the wrong information coming in from another department—they can't function."

So for the next few years, Schulze would say to me, "Pat, you always try to take the human element out of it." And one day I was bold enough to say, "Yeah, you're right. Because you know what? If there were better people out there, you'd have found them by now. And I'm going to show you that we can have a ham sandwich run a Ritz-Carlton." Well, the battle lines were drawn.

While The Ritz-Carlton continued to maintain a heavy emphasis on human resources, the total quality management (TQM) philosophy began to permeate the organization. Using the Malcolm Baldrige National Quality Award criteria as a set of guidelines, Schulze and Mene focused on a variety of new activities and measures, including the cost of poor quality, continuous improvement, quality planning, benchmarking, supplier certification, and quality audits. Other programs were designed to meet specific customer needs, such as safety protocols to protect the children of guests, and the Service Quality Indicators (SQIs) were established (see **Exhibit 5**).

One of the components of the SQIs involved guest-recognition procedures. As an owner, Collins wanted to see that improved for the new Washington, D.C. hotel:

I pushed James [McBride] to hire more people than The Ritz-Carlton staffing plan would lead them to hire in Guest Recognition. I think it's the single most important thing we can do. If a guest came in, got what they wanted, and were recognized, all of a sudden that creates a sticky relationship. It's all about organizing your thoughts and creating processes to recognize the person coming in to the hotel.

So after a certain number of visits to one of our Ritz hotels, guests will get a monogrammed pillowcase. It will be in their room so that when they check in, they'll go to their room and say, "Oh, my pillow's here. Isn't that great!" And no one expects it, so the first time, it's like "Wow!" We're doing something different from The Ritz-Carlton standard—we're clearly exceeding the standard. But they don't force every owner to abide by that higher standard, so

sometimes there is friction about raising the standard outside of the Ritz program. I want to rethink it, rethink it all from start to finish. And it just drives them crazy.

Even so, the standards The Ritz-Carlton had already established were recognized as outstanding (see **Exhibit 6**). The company applied for and won the Baldrige Award in 1992, becoming the first organization in the hospitality industry to receive the coveted honor. The extensive feedback report from the Baldrige evaluators identified an additional 75 areas for improvement and, using those suggestions as action guidelines, The Ritz-Carlton applied for and won the award again in 1999, becoming only the second American company to earn the distinction more than once. Schulze expressed his belief in TQM:

Winning this award confirms that quality is not a short-term approach to doing business. Instead, it is a road map that allows us to achieve the highest customer and employee satisfaction in the industry. Continuous improvement is absolutely critical. If managers are not improving something every day, they are on a death path. Companies that are plateauing because of traditional management will die. Period.

Human Resources at The Ritz-Carlton

The way The Ritz-Carlton viewed its employees was a distinguishing hallmark of the organization. According to Leonardo Inghilleri, the corporate vice president of human resources:

We respect our employees. The issue of respect is a philosophical issue that is driven by our leadership. You have to have a passion for people. If you have an accounting approach to human resources, then you're bound to fail. If you look at an employee and say, "He's a full-time equivalent, he's an FTE; he is eight hours of labor," I think that's immoral. An employee is a human being who doesn't only fulfill a function but should also have a purpose. So a successful business is one that is capable of enlisting an employee not only for his muscles and his labor, but also for his brain, his heart, and his soul.

In hotels that were up and running for at least a year, The Ritz-Carlton's annual turnover rate was only 20%, compared with the hotel industry average of 100%, while new hotels experienced turnover rates between 20% and 25% during the first 60 days. Inghilleri believed that it was his company's deep respect for its employees that led to their satisfaction with and commitment to the organization. The Ritz-Carlton was so intent on treating their employees well that a "Day 21" event was held as a process check three weeks after any new hire's start date. During that session, the company assessed the degree to which it had lived up to the promises it made to its employees during orientation and initial training.

One of those promises included opportunities for career advancement, which were abundant at The Ritz-Carlton. Corporatewide, 25% of the organization's managerial workforce began their careers at The Ritz-Carlton as hourly employees, such as dishwasher, housekeeper, and restaurant server, or as hourly supervisors. For example, Kate Monahan advanced from reservations manager to general manager: "Fourteen years ago, I set out to find a job—but what I began was a career. Along the way, The Ritz-Carlton has nurtured and maximized my talent."⁴ Similarly, Alex Garza began as a line cook and eventually became an executive sous chef. As Garza stated:

⁴ As quoted in *The Mystique: The Ritz-Carlton Hotel Company, L.L.C. Employee Newsletter*, Winter 2000.

The Ritz Carlton has been a kind and generous employer. I have always been treated fairly and as a gentleman, with the utmost respect for my talents. Because this organization cared about my career path and my goals from the outset, and because it has demonstrated respect for my talents along the way, I have been able to grow. At The Ritz-Carlton, opportunities for advancement are everywhere. It's up to you how far you want to go.⁵

Through the extensive formal and informal training offered by The Ritz-Carlton (see **Exhibit 7**), employees were prepared to fulfill their current obligations and to accept positions of greater responsibility and accountability in the future. Employees with advancement ambitions were encouraged to cross-train and learn about as many different aspects of the organization as possible.

Performance at The Ritz-Carlton was not only assessed against the established Service Quality Indicators but also managed by the employees themselves. As Inghilleri explained:

We have created an environment where there is no fear of retribution, an environment where employees understand that their responsibility is not only to fulfill functions but also to have a purpose. One of their purposes is to improve the system. When you have a good person and you create a good environment for that person, he or she doesn't come to work to do a bad job—they come to work to do a good job. So it doesn't make sense for us to punish people if something goes wrong.

We verify whether the problem is a lack of resources or a lack of training, and then we address the problem accordingly. Our employees are taught from the very beginning that there is nothing more exciting than fixing a mistake or defect. They want to see the defects, they want to find out what they are, because once that's known, they can be corrected. We've never had a problem with people hiding mistakes, because it's just not the culture of the company.

In addition to employees monitoring their own performance, individuals were recognized for outstanding work in a variety of ways, including small awards given within departments, as well as larger rewards that occurred at the hotel level. For instance, each year every hotel identified members of a "Five-Star Team," each of whom received five complimentary nights at a Ritz-Carlton hotel of their choice, \$500 to spend, and round-trip airfare for two.

The Ritz-Carlton Hotel-Opening Process

According to one manager at The Ritz-Carlton, "Running an ongoing operation is a very different thing from opening a new hotel. They are actually two different core competencies." The processes and focus of activity for creating new hotels were two-pronged: one dealing with the development of the site itself, the other involving the human resources processes necessary to get the hotel up and running. The entire hotel development process was assessed against Performance Quality Indicators (PQIs; see **Exhibit 8**), the 10 defects identified by The Ritz-Carlton as most likely to lead to problems with both quality and financial performance. Mene noted that while developing a hotel was "a very complex, cross-departmental, cross-functional, cross-company process in general, the PQI represents the key pitfalls."

⁵ Ibid.

The Property

Many decisions had to be made when The Ritz-Carlton set out to open any new hotel, including site selection, concept/new-product development, feasibility studies, and management contract negotiation. When explaining the importance of site selection, Mene succinctly stated, “I mean, let’s just put it this way. What if we build a 300-room hotel where there’s no hotel needed at all? You’re dead. It’s done. It’s over.” The new Washington, D.C., location was desirable because of its proximity to several sites of interest, such as the White House and Capitol Hill, Embassy Row, and the Foggy Bottom Historic District; Washington’s status as a global destination; and the potentially strong clientele base of foreign diplomats and local residents.

Feasibility studies were conducted that identified the primary target customers, as well as their wants, needs, and expectations. Then financial evaluations determined the cost to the developer and the price charged to the customers—two key issues for consideration prior to moving ahead. All of this activity was carried out in a time-pressured environment. As Mene noted: “Late feasibility studies are deadly, because the developers may be talking to our foremost competitor and they may be faster with the feasibility study than us. We’re really in competition here.” Once a contract had been signed, construction on the new property began, with both The Ritz-Carlton and the owners participating in decisions regarding the development.

Market Customization

In addition to general concerns about the property, The Ritz-Carlton had to customize each hotel to meet local market demands. As McBride elaborated, “There is great credence given to the importance of taking local information and then adapting to it. That’s what we learned in Asia, and that’s what I’ve been doing for six years—adapting locally to do business there.” One of the adaptations that occurred at the new Washington, D. C., hotel involved the Secret Service walking the site and discussing the planning of entrances and exits with the developers. Given the likelihood of foreign diplomats and ambassadors being guests of the hotel, security design became an issue of potential international importance.

Innovations for the savvy guests the hotel expected to attract took more creative turns as well. For example, McBride planned to link services provided by the hotel’s main restaurant, Kobalt, to the Internet. Customers would be able to go to KobaltExpress.com where they could order their menus ahead of time and select the table they would like to reserve, while Kobalt@home.com would allow condominium residents to order meals to their suites. McBride also planned to incorporate an exhibition kitchen into the Kobalt, explaining, “This restaurant is not going to be a traditional Ritz-Carlton restaurant.”

That was not the only aspect of the new hotel that broke with tradition; according to Collins, Millennium Partners took an active role in defining the interior spaces: “We picked out all the art. You won’t see one English hunting scene in this hotel—and it’s been painful for the Ritz. Their competition is the Four Seasons, and the Ritz has been resting on its laurels—‘We’re an English kind of hotel’—and that just is not going to get it done in the 2000s. It’s just not what people want.”

Millennium Partners’ choices of artwork resulted in a collection valued at about \$2 million, including hand-blown glass designs by Seattle’s Dale Chihuly. The highest thread-count Egyptian cotton fabric was used for all the linens, down comforters covered each bed, and the bathrooms were tiled in beige and white marble. Further breaking with traditional Ritz-Carlton designs, the property contained a 34,000-square-foot Japanese garden complete with a cascading waterfall, bamboo plants, and willow trees.

Staffing the New Hotel

The property owners had the right to approve the individuals nominated by The Ritz-Carlton for three executive positions: general manager, director of marketing, and controller. Once McBride was selected as the general manager, he was instrumental in choosing the additional members of the hotel's executive committee, almost all of whom had experience at other Ritz-Carlton properties. These leaders were in place about two and a half months prior to the scheduled hotel opening.

The executive committee then selected their functional managers, who were, in turn, primarily responsible for hiring line-staff members. In hotels that were already operating, the selection process was often inverted, with the line staff selecting their leaders from a pool of candidates. Similarly, line-staff applicants typically were selected and trained by relevant team members, but for new-hotel openings, the process was much more structured and hierarchical.

Millennium Partners' concerns regarding the hotel's new staff centered on the distinction between effectively opening and running a hotel, as Collins explained:

I've got to tell you that I love James McBride. James McBride is just fabulous. He's successfully opened up lots of Ritz-Carltons. But a year from now? We'll have done it for 365 days, and the edge will be off a little bit. The problem in the hotel business is that you have to fill it up every single day. So somehow you have to put your game face on and be 99% every single day. But even then, that means you're ticking off a customer every single day. I don't know how you do it a year out, two years out, five years out. I don't know how you keep it sharp. And that's the trick.

As The Ritz-Carlton's president and COO, Schulze was all too aware of the difficulty of keeping it sharp. Having worked his way from a waiters' apprentice and dishwasher to the top of one of the world's best hotel companies, Schulze knew firsthand how hard it could be for employees to maintain their motivation to deliver exceptional service to customers every single day, and how difficult it could be for managers and leaders to keep morale up after the fanfare of a new-hotel opening. To help minimize failures in service delivery, Schulze focused on key human resource practices, particularly employee recruitment, selection, and training.

Personnel recruitment A wide variety of tools was used to attract applicants for the staff positions at the new hotel. McBride was active in the recruitment process, dining at The Ritz-Carlton's arch-competition and giving deserving servers cards that read "The Service You Just Provided Was First Class!" on one side and contained job-application information on the other. More traditionally, targeted ads for food and beverage personnel were run in the newspapers of major cities (e.g., New York and San Francisco), while the community within Washington, D.C., also provided fertile ground for potential employees. The first hospitality high school in the United States was located in the area, and The Ritz-Carlton also interviewed individuals in welfare-to-work programs.

For positions that required technical expertise or high-level service delivery, individuals with significant prior experience were hired. For more entry-level positions, novices to the hospitality industry were acceptable. As Marie Minarich, the hotel's human resources director, said: "If they have the talent, and if they want to serve people, we can train them. We can teach them the skills they need to perform any number of different functions. As long as we make sure that we choose people who fit our culture, we can work with them."

Ritz-Carlton job fair A two-day mass recruitment occurred on August 22 and 23, 2000, from 8:00 a.m. to 8:00 p.m. and was billed as a "Ritz-Carlton Job Fair." Individuals who had previously applied, as well as those who had not, were invited to the site (still under construction at the time)

where they went through the selection procedure. Throughout both days, the goal was to treat applicants to a personal demonstration of the service-oriented culture that made The Ritz-Carlton famous.

At the Foggy Bottom Metro stop, three uniformed Ritz-Carlton representatives stood by large placards advertising the job fair, ready to provide directions to the site. The path between the Metro and The Ritz-Carlton was marked with cobalt blue ribbons. Just outside the entrance to the building, applicants arrived at the “Warm Welcome” station, where they were greeted at the door by one of several employees who wished them luck and escorted them past a violinist into the lower level of the hotel where the meeting rooms had been outfitted. Greeters then escorted applicants to the registration area, where Claude Hedsbeth provided entertainment with his electric piano. Despite performing for over 25 years, this was the first time he had ever played at a job fair.

In the waiting room, where beverages and snacks were available, a Ritz-Carlton video was running in which Schulze talked about his early days as a dishwasher and other Ritz-Carlton employees described their experiences at the company. After the applicants provided basic employment information, they went through a standardized selection procedure that first involved the administration of a screening questionnaire. Those who made it past the initial screening proceeded on to a professionally developed and validated structured interview. Each individual was then personally escorted to “Fond Farewell,” where they were thanked for applying, given miniature Ritz-Carlton chocolates, and escorted out of the building.

By 2:00 p.m. on the first day, over 400 individuals had been through the process, and everyone, from McBride on down, pitched in to serve as escorts, paperwork runners, and interviewers—and that was before the local news media aired a blitz of stories about the hotel. Over 10 years had passed since a luxury hotel opened in Washington, D.C., and television crews swarmed the job fair.

The aftershock was felt on the second day, when 1,500 individuals showed up to compete for positions. By the time all was said and done, 2,300 people had been through the selection process in 24 hours, while another 1,700 had already completed the application process prior to the job fair. These were impressive numbers, especially given the local unemployment rate of only 5.4%.⁶ About 400 people were eventually hired, which made getting a job at The Ritz-Carlton about as likely as being accepted as a Harvard undergraduate.

Individuals who did not make the cut were treated the same as everyone else during the job fair, as Inghilleri explained:

We try to make sure that those we don't hire are treated really well. They may also be sons and daughters of our customers, we don't know. So why would I mistreat them? If someone is not hired and we just disregard them, what does that accomplish? You create someone in the community who looks at you and says, “Those guys are morons. They are arrogant imbeciles who don't understand who I am, who didn't value me as a person.” We don't want that.

For the new hires, The Ritz-Carlton utilized a pre-employment call-back process to reduce the attrition that often occurred during the lag between the job offer and the start date (see **Exhibit 9**). During this phase of the employer-employee relationship, new employees were treated as customers with their own unique set of needs, and the hotel's managers were accountable for their satisfaction.

⁶ “Local Area Unemployment Statistics for the District of Columbia,” Bureau of Labor Statistics, August 2000, <http://146.142.4.24/cgi-bin/surveymost>.

The Seven Day Countdown

The Seven Day Countdown was a result of the evolution and refinement of the hotel-opening process, which became more solidified in the late 1980s to early 1990s when the hotel chain was opening many new properties. Standardization brought greater efficiency and relieved some of the burden placed on new managers and leaders responsible for ultimately running the hotel.

Individuals' first encounter with the organization as employees occurred over a month after they had been hired, when they showed up for the beginning of the Seven Day Countdown prior to the opening of the hotel. The first two days were devoted entirely to orienting employees to The Ritz-Carlton culture and values, while the remaining five days involved more specific skills training and trial runs of service delivery. According to Collins, ensuring that everything was perfect on opening day would be a challenge:

There's all this construction activity going on around here, finishing floors, testing the fire-alarm system. And they have 400 people they have to convert to Ritz-Carlton employees in the next seven days. They have to be trained and dipped into the culture of The Ritz-Carlton so that on day one when Ms. Jones checks in, she's getting a true Ritz experience. Seven days. I've told James I just don't know if that's enough time.

To help the new staff members navigate their way through the demanding Seven Day Countdown, The Ritz-Carlton provided each of them with a "Paper Palm" (see **Exhibit 10**). Inghilleri explained the rationale behind the countdown's organization:

We have a very slow orientation process that aligns the worker with the mission of the company. The reality is that, as an adult, you only change your behavior from a significant emotional experience, and otherwise you don't change. When you hire someone to start a new job, it is a significant emotional experience for them, so they will be attentive and receptive to behavioral changes.

But the size of the window of opportunity that the company has to drive home new concepts is limited. So if you waste the first few hours of the first few days discussing anything other than values, you're wasting your opportunity. That is why in our orientation, the first thing we do is discuss values.

Day One: Staff Orientation

On the first day of the countdown, new employees joined other members of their divisions outside the hotel for what can only be described as a pep rally. Carrying signs and chanting ("House-keep-ing, House-keep-ing"), each division vied to be the loudest, most enthusiastic group of new employees. The kitchen staff had the advantage, banging out Stomp-worthy rhythms on their pots and pans. At least one manager made a brave attempt at turning cartwheels along the covered drive leading to the entrance of the new hotel, while others ran from one end of the line to the other, encouraging more cheering.

After several rounds of "the wave" and chants of "D-C-Ritz, D-C-Ritz," the staff members eventually entered the building. As they slowly wound their way downstairs toward the ballrooms where their first training sessions would occur, the employees heard the sound of enthusiastic applause. It was coming from the hotel's managers, who lined both sides of the curved marble staircase. Many times over, each employee was sincerely welcomed as a new member of The Ritz-

Carlton family by the scores of managers who smiled warmly and said, “We’re so happy you’re here,” “Welcome,” “I’m so glad you’ve come.”

Once inside, everyone gathered in the largest ballroom, where video cameras were hooked up to big-screen TVs providing a simulcast of all the activity. Recordings of Sting singing “We’re starting up a brand new day . . .,” Queen’s “Another One Bites the Dust,” and the always-popular “We Are the Champions” played as the employees congregated. Once everyone was present, McBride introduced the hotel’s leadership team, followed by The Ritz-Carlton trainers, who had come from 23 different countries around the world for the countdown. Individuals chosen as trainers represented the “best of the best” of The Ritz-Carlton worldwide—all of whom had significant experience opening new Ritz-Carlton properties. Introductions progressed to the corporate steering committee and then to the Millennium Partners representatives. Finally, McBride spoke to the assembled, immediately conveying to them the importance of opening the hotel at the highest level possible from day one: “We will open as the finest hotel in Washington, D.C., without a doubt. We are like Olympic gymnasts who have been training for years and years. Then it all comes down to the big performance, and the gymnasts must stick their landings—otherwise, they are not excellent. We will stick our landings. We will be excellent.”

Next, the new employees watched a video in which Schulze and others described the hotel company’s history, philosophy, and values, followed by a second tape that described The Ritz-Carlton’s milestones, including awards they had won and new hotels they had opened. The applause and cheering were abundant when The Ritz-Carlton, Washington, D.C., appeared on the screen.

Schulze’s Address

Schulze entered the room to a standing ovation as Queen’s “We Will Rock You” blared over the speaker system. Addressing all the employees of the new hotel, Schulze explained his philosophy of being a high-quality service organization:

You are not servants. We are not servants. Our profession is service. We are Ladies and Gentlemen, just as the guests are, who we respect as Ladies and Gentlemen. We are Ladies and Gentlemen and should be respected as such.

I grew up in a small village in Germany. When I was 11 or 12, I decided to go into the hotel business—I don’t know why. My mother told me, “The guests are very fine, important people.” To me, they looked like gods. My knees were shaking. I was scared. As the months went by, I never stopped seeing them as fine ladies and gentlemen. But when our maitre d’ dressed impeccably, and spoke to them in fluent English, German, or Spanish, it became clear that he was as much a gentleman as anyone in the room, because of the excellence with which he did his job. If we do what we do right, we become as important as they are.

This was how the employees learned the genesis of The Ritz-Carlton motto (“We Are Ladies and Gentlemen Serving Ladies and Gentlemen”). According to Schulze, the motto was a “deeply believed feeling and demand on the organization,” a promise by the organization that everyone would be respected as a lady or a gentleman. It was also a demand on all employees, especially managers and leaders.

The Gold Standards

The motto was one part of The Gold Standards (see **Exhibit 11**), implemented by Schulze in the mid-1980s. These standards included The Credo, The Three Steps of Service, The Motto, The

Employee Promise, and The Twenty Basics, which were designed to focus employees on the core company values. According to Schulze, when an employee adopted The Credo, that person was in effect saying, “This is who I am from now on.” Different aspects of The Gold Standards were reinforced daily through departmental “lineups,” which occurred at the beginning of every shift, in every hotel, around the world. They were used to reinforce the company’s philosophy and to repeat the foundation of the business over and over in order to build the habits necessary for employees to deliver the highest level of service demanded by The Ritz-Carlton. Inghilleri explained the importance of the daily lineups:

Our employees are on the front lines. They are always on the battlefield. So you’ve got to nourish them on a daily basis—you have to heal the wounds of being on the battlefield daily. Otherwise, they’ll forget the real reasons they are there.

After cleaning 16 rooms to our standards, you are exhausted. You come back to work the following morning, and if I don’t remind you that the customers are important, that being nice to them is critical, that eliminating defects is paramount, that the genuine care of the customer is crucial, well, then you’ll forget. You’ll think that you just come to work to clean rooms.

Service Philosophy

Complementing the concepts in The Gold Standards, Schulze further explained The Ritz-Carlton philosophy to the new employees during their first day of orientation: “We are not in the hotel business. The hotel business is about selling rooms, selling food, selling the bar. We do those things incidentally, but our business is service. We charge for service. Our commitment to our customers is excellence in service. Service is our profession.” During his address to the employees on their first official day as members of The Ritz-Carlton, Schulze also set the stage for how they could expect to be treated within the organization:

For these next few days, we will orient you to who we are—our heart, our soul, our goals, our vision, our dreams—so you can join us, and not just work for us. You have a right to know who we are and what we think. You have a right to know our hopes, our dreams, and our goals.

We will get a great hotel for our guests, but what about us? We should have a great work environment, too. Besides the physical setting, the work environment is created by you—the work environment is the people who work here. We need to create a good work environment by respecting each other. But things go wrong. As soon as two people come together, conflict will arise. It’s not the fact that we have conflict—it’s what we do with it. Talk to your manager. It’s not “them” or “they.” We all have the same dream of excellence; we all have the same goal: to be successful.

Leadership Orientation

After spending time with all the employees together, Schulze conducted the Leadership Orientation for managers, and the tone changed:

This business is created for one reason—to make money. This is your role. You have accepted the role, in the hotel business, to be businesspeople. No one in the world knows more about what our customers want than we do. We survey them every four weeks. What do these customers want? A clean hotel. I walk in hotels, see something on the floor, and I see you walking by it! It’s incredible—inconceivable—for us to know what customers want and to

not do it. We still only deliver 92% of customers who are satisfied. That gives us occupancy of 80%. Why not celebrate? Only 8% are not satisfied.

Of those, 2% to 3% want things we cannot do, or things that, if we did them, would dissatisfy all of the other customers. But 5% represent satisfaction that we want. Those 5% are dissatisfied because of stupid, pathetic defects that are repeating—stupid, pathetic defects that you should have eliminated permanently. That 5% translates into 200,000 dissatisfied customers. That is an army—attacking us—saying that we are not good. If we satisfied this 5%, within three years we'd run at 88% occupancy. What does 88% mean in dollars? Three hundred million to the bottom line. We are leaving \$300 million on the table because of 5% defects.

In addition to a strong commitment to the bottom line, Schulze saw leaders as having deep obligations to the rank-and-file employees:

Orientation is a key process to make sure you have the right employees. Why? Because an employee joins you open minded. Share with them what you dream about, what you wish for, your heart and soul, and then ask them to join you in your mission. They have a right to know who you are, what your dreams are.

People have a right to come to work for a purpose. The chairs that you are sitting on are doing work. If you don't give your employees a purpose, you make them chairs. If you just send them to work without a purpose, it's immoral.

Schulze's intense focus on purposeful work inspired many Ritz-Carlton employees to remain committed to the organization. For example, Vijay Singh explained his reasons for staying with the company: "I joined The Ritz-Carlton eight years ago because of a statement I heard made by Horst Schulze: 'I come to work for two reasons. One, to achieve excellence. The other, to achieve excellence with friends.' I adopted this philosophy in my own life and have stayed with The Ritz-Carlton because Mr. Schulze has not deviated from his vision."⁷

Day Two: Departmental Vision Sessions

On the second day of the Seven Day Countdown, employees in each functional area met for an introduction to their new departments. Group exercises were used to help the employees learn more about one another, their likes and dislikes, and how they could function together as an effective unit. Schulze kicked off the vision sessions for each department by asking the groups what they wanted to be in a year. The answer was invariably "the best," and Schulze started the process (later taken over by the managers) of specifying what being the best would mean for each area. In talking with the employees responsible for the bar and in-room service, Schulze explained:

In the case of the bar, customers are entering your room, but they are not coming for you. They are not coming to drink—they have drinks in their rooms and at home. They are not coming to eat. They are coming to *feel well*. You have to understand their purpose. The customer sets the pace; you capture the moments. You are in charge. Your charge is to help customers feel well. Your ultimate responsibility is that each guest feels well when they leave because of how you enhanced their life in the moment that you had to serve them.

⁷ As quoted in *The Mystique: The Ritz-Carlton Hotel Company, L.L.C. Employee Newsletter*, Winter 2000.

In in-room service, you are entering their home, which they have rented. It requires a little different style, because it's their home, their private space. Ask them, "May I enter your room?" Part of being a lady and a gentleman is to treat the situation as a professional. They want you to leave as soon as possible. Ask them, "May I put the tray down here?" And be sure to thank them as you're leaving: "Thank you for allowing me to serve you." I want you to think about how you train yourself. There is only one way of teaching—self-teaching. Think, when you've left, where are you in creating a fine memory with your guest by how you behaved in the room?

Days Three through Seven: Skills Training

For the next five days, the hotel's leadership team, trainers, and managers met each morning at 6:00 a.m. to review the day's training activities and to resolve any difficulties that had arisen. Employees in the different functional areas were given a "Warm Welcome" by their managers at 8:30 each morning and a traditional Ritz-Carlton "Fond Farewell" every evening. During the first two of the remaining five days, uniform fittings were scheduled, personal grooming sessions were conducted, and employees were introduced to the daily lineup procedure.

All employees attended a session on the anticipation and handling of guest requests, conducted by McBride, while each department continued to formulate and refine its own philosophy and statement of goals. Overviews within functional areas oriented the new staff to the big picture within their divisions. Everyone received "life safety" instruction, was treated to a wine tasting, and enjoyed a product show which allowed each employee to learn more about the materials that would provide creature comforts to their guests.

"Instant guest pacification" was a Ritz-Carlton basic, and on Day Four all new employees were instructed in the standardized procedure for "Handling Guest Difficulties." Employees were trained to immediately break away from their normal activities to solve a customer's problem, to use their empowerment in designing an appropriate solution, and to involve and follow up with other departments whose help was needed. Each problem was documented on a Guest Incident Action form in which "guest temperature" was recorded before and after the event on a scale that ran from "livid" to "calm"; these forms were used for daily communication and process improvement (see **Exhibit 12**).

The last three days of the Seven Day Countdown was when departmental technical training occurred. Employees learned the details involved in performing their jobs to the standards set by The Ritz-Carlton, and everyone was expected to master their department's key production processes. Employees arrived in two shifts, dressed in their full uniforms, and every employee practiced his or her job as if they were serving real customers. For instance, mock meals were served, trials were conducted for check-in procedures, and housekeepers prepared rooms for "guests."

Members of the corporate steering committee observed every trial run, from housekeeping to restaurants. They were looking for any flaws in service delivery that kept it from being as sharp and crisp as The Ritz-Carlton demanded. Their observations were passed on to the trainers, who provided any necessary additional one-on-one or division-level training. Inghilleri recalled occasions when Schulze stepped in to assist a struggling employee: "He was just great. He'd go into a restaurant, and he'd say, 'OK, let me show you how this job is done,' and he'd give a perfect demonstration. When the president of your company is showing you how to do your job, you are really going to be paying attention."

Recognizing that their standards of service were extremely high and that their goal of opening as a top-notch hotel right from the start was a tall order, The Ritz-Carlton tried to protect their employees from feeling overwhelmed by controlling the occupancy rate. Inghilleri explained:

The first month of operations, we may open the hotel with 50% occupancy. Then we'll increase occupancy monthly, so it takes us somewhere between three and four months to reach 80%. But we hire, in the very beginning, as if we're already operating at 80% occupancy.

This allows us to reduce the number of tables a waiter has to serve, or the number of rooms a housekeeper has to clean. It is more important that we set the standards immediately. They have to do their jobs perfectly, even if it takes them longer; productivity will increase as they get more and more comfortable. Flawless execution is the goal, and then speed will come. This practice also allows us to offset the inevitable minor turnover that we experience shortly after opening.

On the day between the end of the Seven Day Countdown and the grand opening, employees showed up in casual attire for The Ritz-Carlton two-hour pep rally, marking the transition between practice runs and real service delivery. The next day, on October 11, 2000, the Washington, D.C., Ritz-Carlton Hotel opened for business.

Dilemma

McBride sat in his new office in Washington, reflecting on the concerns that Collins had expressed, with his usual blunt style and candor, about the Seven Day Countdown. Collins questioned whether the seven-day time frame limited the hotel's ability to open at a higher occupancy rate and to reach 80% occupancy in a shorter amount of time. Since the Seven Day Countdown was only a small part of the pre-opening budget (see **Exhibit 13**), the costs might well be worth the benefits. Because Collins wanted to ensure that the service established was flawless and a real draw for potential condominium residents, he questioned whether extra training would help the employees to further polish their service skills.

McBride acknowledged that the \$700 million investment made by the Millennium Partners in six Ritz-Carlton-managed properties certainly gave Collins the right to voice his opinions. But it was one thing to change the kind of art in the hotels—changing the processes that seemed to finally join quality control and human resources in a perfect balance was something else entirely.

It was difficult to train new hires to meet the high expectations of The Ritz-Carlton service standards in only seven days, but that was how The Ritz-Carlton worked. True, sometimes the countdown occurred as the building itself was being completed. Sometimes, it seemed like they barely made it under the wire for opening day. Maybe the training should be longer, but what would that mean for The Ritz-Carlton? McBride would be responsible for opening the second Millennium Partners-owned Ritz-Carlton hotel, in Georgetown, at the end of 2001. Should he try changing the Seven Day Countdown process, which was a worldwide best practice for the company?

Exhibit 1 Locations of Current and Future Ritz-Carlton and Four Seasons Properties

Asia/South Pacific		Europe/Middle East	
The Ritz-Carlton	Four Seasons	The Ritz-Carlton	Four Seasons
<ul style="list-style-type: none"> / Bali / Hong Kong / Kuala Lumpur / Shanghai / Singapore 	<ul style="list-style-type: none"> / Bali (2 resorts) / Hong Kong / Kuala Lumpur / Shanghai (2001) / Singapore (2 hotels) 	<ul style="list-style-type: none"> / Berlin / Istanbul (2001) / Sharm El Sheikh, Egypt 	<ul style="list-style-type: none"> / Berlin / Istanbul / Sharm El Sheikh (2001)
<ul style="list-style-type: none"> / Osaka / Seoul 	<ul style="list-style-type: none"> / Bangkok Chiang Mai at Mae Rim Valley / Jakarta / Maldives at Kuda Huraa / Taipei / Tokyo / Sydney 	<ul style="list-style-type: none"> / Barcelona / Doha, Qatar (2001) / Dubai, United Arab Emirates / Dusseldorf / Wolfsburg, Germany 	<ul style="list-style-type: none"> / Alexandria, Egypt (2004) / Amman, Jordan (2002) / Beirut (2004) / Budapest (2002) / Cairo (1 hotel existing; one planned for 2002) / Dublin (2001) / Lisbon (The Ritz, managed by Four Seasons) / London / Milan / Paris / Prague (2001) / Riyadh, Saudi Arabia (2002)
The Americas and Caribbean			
The Ritz-Carlton	Four Seasons	The Ritz-Carlton	Four Seasons
<ul style="list-style-type: none"> / Atlanta (2 hotels) / <i>Boston (1 hotel; Boston Common, 2001)</i> / Houston (2002) / <i>New York (Central Park South, 2002; Downtown, 2001)</i> / Palm Beach, FL / Philadelphia / San Francisco / Toronto (2003) / <i>Washington, D.C. (Foggy Bottom; Georgetown, 2002)</i> 	<ul style="list-style-type: none"> / Atlanta / Boston / Houston / New York (2 hotels) / Palm Beach, FL / Philadelphia / <i>San Francisco (2001)</i> / Toronto / Washington, D.C. 	<ul style="list-style-type: none"> / Laguna Niguel, CA (2002) / Marina del Rey, CA / Montreal, Canada / Naples, FL / Naples Golf Resort (FL, 2001) / New Orleans, LA / Pasadena, CA / Pentagon City, VA / Phoenix, AZ / Rancho Mirage, CA / Reynolds Plantation, GA (2002) / Rose Hall, Jamaica / St. Louis, MO / St. Thomas, Virgin Islands / San Juan, Puerto Rico / Sarasota, FL (2001) / South Beach, FL (2001) / Tyson's Corner, VA 	<ul style="list-style-type: none"> / Hualalai, HI / Las Vegas, NV / Los Angeles, CA (2 hotels) / Mexico, D.F. / <i>Miami, FL (2002)</i> / Newport Beach, CA / Papagayo Peninsula, Costa Rica (2002) / Punta Mita, Mexico / San Diego, CA / San Miguel, Mexico (2003) / Santa Barbara, CA / Scottsdale, AZ / Seattle, WA / Vancouver, Canada / Whistler, Canada (2003)
<ul style="list-style-type: none"> / Amelia Island, FL / Cancun, Mexico / Cleveland, OH / Coconut Grove, FL (2002) / Dearborn, MI / Grand Cayman / Half Moon Bay, CA (2001) / Kapalua (Maui, HI) / Key Biscayne, FL (2001) 	<ul style="list-style-type: none"> / Austin, TX / Caracas, Venezuela (2001) / Chicago, IL (one Four Seasons; The Ritz, managed by Four Seasons) / Dallas, TX / Grand Exuma, Bahamas (2002) 		

Source: Ritz-Carlton locations were provided by The Ritz-Carlton Hotel Company, L.L.C. Four Seasons locations were obtained from www.fourseasons.com (accessed January 16, 2001). Locations in **bold** typeface are resorts; locations in *italicized* typeface are hotels and multi-use facilities owned by the Millennium Partners.

Exhibit 2 Key Operating Statistics for The Ritz-Carlton and Four Seasons^a

	1999		1998		1997	
	The Ritz-Carlton	Four Seasons	The Ritz-Carlton	Four Seasons	The Ritz-Carlton	Four Seasons
Occupancy Rate	75.4%	70.0%	72.5%	70.4%	76.7%	73.7%
Average Daily Rate (ADR)	\$202	\$266	\$194	\$248	\$187	\$243
Revenue Per Available Room (RevPAR)	\$152	\$189	\$140	\$178	\$145	\$180

Sources: Ritz-Carlton data for 1999 and 1998 are from the 1999 and 1998 Marriott International Annual Reports. The Ritz-Carlton figures for 1997 were calculated based on reported changes in figures in the 1998 Marriott International Annual Report. The Four Seasons data was obtained from their 1999 Annual Report.

^aAll Four Seasons figures were converted from Canadian to U.S. dollars using the average exchange rate for the relevant year from International Monetary Fund data. Corporatewide figures were computed using weighted averages from the regionally reported information in the 1999 Four Seasons Annual Report.

Exhibit 3 The Ritz-Carlton Washington, D.C., 2001 First-Year Monthly Budget Summary^a

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
<i>Revenue Drivers</i>													
Room Nights Available	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,300	9,000	9,300	9,000	9,300	109,500
Room Nights Sold	5,318	5,145	6,645	6,381	7,083	6,689	4,817	4,628	6,661	7,624	6,340	4,193	71,524
% Occupancy	57.2%	61.3%	71.5%	70.9%	76.2%	74.3%	51.8%	49.8%	74.0%	82.0%	70.4%	45.1%	65.3%
Average Daily Rate (ADR)	\$305.32	\$299.36	\$312.08	\$305.71	\$305.44	\$291.97	\$263.08	\$246.48	\$322.76	\$345.38	\$302.88	\$289.85	\$302.44
Revenue Per Available Room (RevPAR)	\$174.64	\$183.51	\$223.14	\$216.75	\$232.75	\$216.93	\$136.48	\$122.75	\$238.84	\$283.21	\$213.23	\$130.72	\$197.49
<i>Sales and Income</i>													
Rooms	1,624	1,540	2,074	1,951	2,163	1,953	1,267	1,141	2,150	2,633	1,920	1,215	21,631
Food and Beverage	1,314	1,195	1,686	1,721	1,957	1,907	1,146	1,047	1,747	1,949	1,510	1,617	18,796
Telephone	69	67	86	83	91	86	63	60	86	98	82	54	925
Retail	12	11	15	14	16	15	11	10	15	17	16	27	179
Recreation/Spa	4	4	5	5	5	5	4	4	5	6	5	3	54
Garage	111	107	138	132	147	138	100	96	138	157	131	87	1,482
Other Income	51	49	61	59	65	61	47	45	61	69	59	42	668
Total Revenue	3,184	2,973	4,064	3,965	4,444	4,166	2,637	2,403	4,202	4,929	3,724	3,046	43,736
<i>Allocated Expenses</i>													
Rooms	500	479	560	545	580	559	464	456	555	607	538	448	6,291
Food and Beverage	1,049	1,011	1,315	1,339	1,478	1,460	977	917	1,354	1,484	1,210	1,303	14,898
Telephone	42	39	44	43	45	43	41	41	43	46	42	39	506
Retail	12	11	13	13	13	13	11	11	13	14	14	19	157
Recreation/Spa	3	3	4	3	4	4	3	2	4	4	3	2	38
Garage	105	98	117	113	121	116	101	99	116	126	113	94	1,321
Other Income	25	25	30	29	31	30	24	23	30	33	29	21	329
Total Allocated Expenses	1,736	1,665	2,083	2,085	2,273	2,224	1,620	1,549	2,114	2,314	1,950	1,927	23,540
<i>Unallocated Expenses</i>													
Administration and General ...	247	229	267	252	266	249	226	223	262	277	250	245	2,994
Marketing and Sales	222	193	229	224	233	220	199	198	231	244	222	213	2,628
Heat, Light, and Power	53	52	57	51	54	52	41	39	50	57	54	46	607
Repairs and Maintenance	135	127	135	131	134	131	130	130	131	135	130	134	1,583
Total Unallocated Expenses ...	657	600	688	658	687	652	507	591	674	713	657	637	7,812

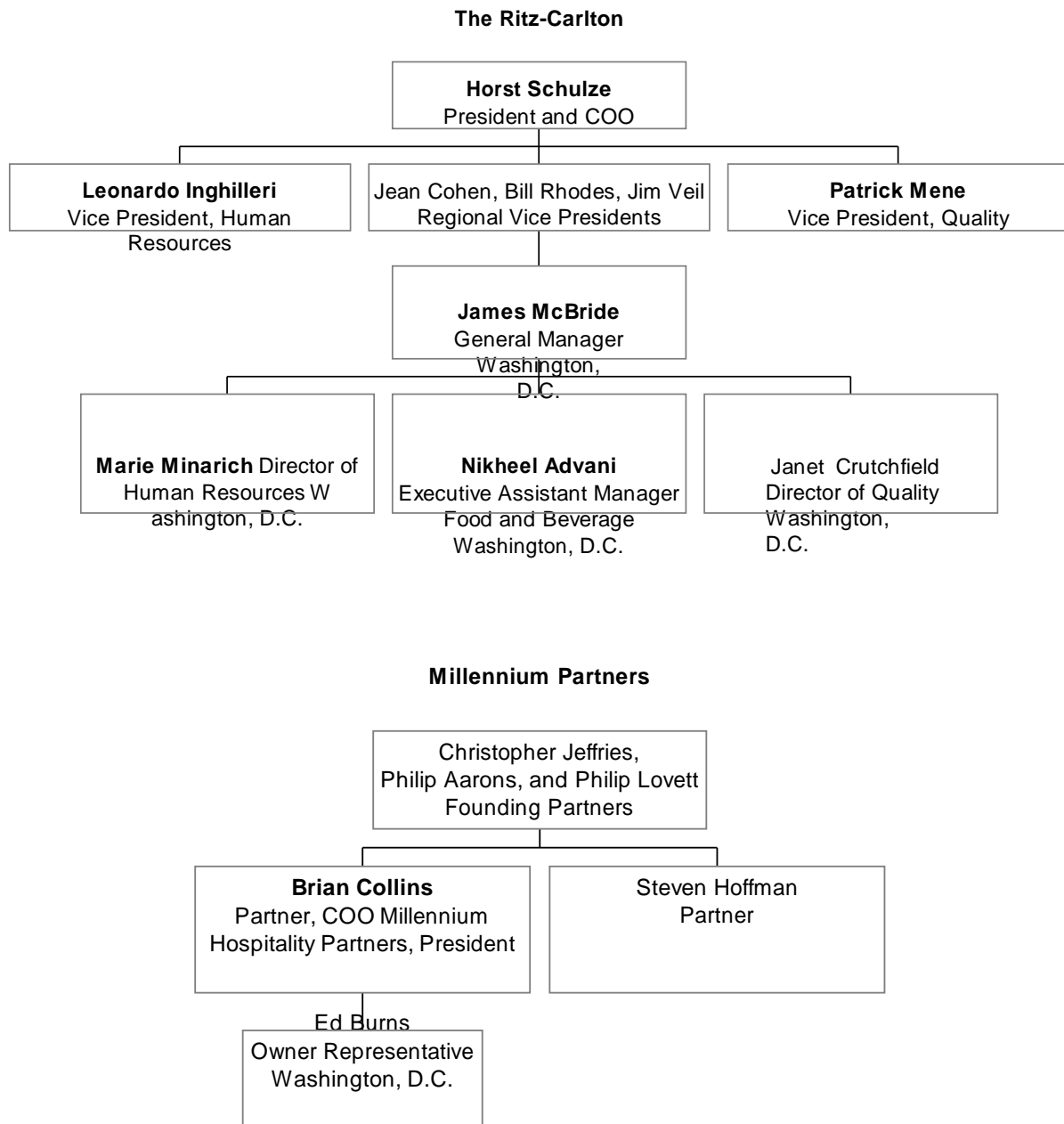
^aAll figures are disguised. All monetary figures except ADR and RevPAR are in \$1,000s.

Exhibit 3 (continued)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
House Profit	791	708	1,293	1,222	1,484	1,289	420	264	1,414	1,901	1,117	481	12,384
Other Deductions													
Management Fee Base	104	97	133	129	145	136	86	78	137	162	122	98	1,429
Management Fee Incentive	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure													
Program Reserve	31	29	39	38	43	40	25	23	40	95	72	58	532
Property Taxes	117	117	117	117	117	117	117	117	117	117	117	117	1,400
Insurance	15	15	15	15	15	15	15	15	15	15	15	15	175
Leases and Other	5	5	5	5	5	5	5	5	5	5	5	5	60
Ground Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Deductions	271	262	308	304	324	312	248	238	314	393	330	292	3,596
Cash Before Debt	520	445	984	919	1,160	978	173	26	1,100	1,508	787	189	8,788
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash After Debt	520	445	984	919	1,160	978	173	26	1,100	1,508	787	189	8,788

Source: The Ritz-Carlton Hotel Company, L.L.C.

Exhibit 4 Partial Organizational Charts for The Ritz-Carlton and Millennium Partners in 2000



Source: The Ritz-Carlton and Millennium Partners.

Exhibit 5 Service Quality Indicators (SQIs)

<i>Key Production Process</i>	<i>Service Quality Indicators</i>	<i>Measurement Location</i>	<i>Reporting Requirements</i>
Individual and Group Reservations	Abandoned Calls: those that are not answered and the customer hangs up	Reservation Office	Send daily to Department of Quality (DOQ) by close of Reservation Office
Anticipation of Guest Needs	Missing Preferences: regular guest arrivals (i.e., five or more visits to your city hotel, three or more visits to your resort hotel) whose profile lacks actionable preferences beyond room type, smoking preference, or title	Guest Recognition Office	Send daily by 5:00 p.m. to DOQ
Warm Welcome/ Check-In	Unready Guest Rooms: any guest room that is not immediately ready for the guest when they arrive to register, regardless of the time of day; includes room re-locations during guest Check-In	At point of Check-In	Send daily by end of second shift to DOQ
Guest Room Assignment	Room Changes: guest requests a change of room after Check-In	Front Office	Send daily by end of second shift to DOQ
Guest Room Condition	Room Condition: customer requests repairs to their guest room	All Departments	Send daily by end of second shift to DOQ
Housekeeping	Housekeeping Defects: total score of housekeeping defects identified during five random daily inspections	Guest Rooms	Send daily by 5:00 p.m. to DOQ
Hotel Cleanliness	Unacceptable Appearance of Public Area: identified during the Morning Process	Public Areas	Send immediately after daily inspections to DOQ
Problem Resolution	Missing or Damaged Guest Property/Accident: number of claims/incidents for the disappearance or damage of guest property (i.e., vehicles, vehicle keys, luggage, clothing, jewelry, valuables, etc.) or accidents involving a guest or employee that require care from a medical professional	At the time the incident is reported	Send to DOQ immediately after each incident
Problem Resolution	Invoice Adjustment: customer requests for a credit or refund for real or perceived deficiencies	Accounting Office	Send daily by close of the Accounting Office to DOQ
Problem Resolution	Unresolved Difficulties: any difficulty discovered during the J. D. Power survey process for which there was inadequate resolution	J.D. Power	Fax to DOQ after each occurrence
<i>Meeting Events:</i>			
1. Desire for Business 2. Communication of the Program 3. Flexibility in Negotiations 4. Advise of Conflicts 5. Audio-Visual	Meeting Event Difficulties: total score of difficulties stated by the event planner during the post-event conversation	Face-to-face, or by telephone	Conference Services Manager submits Event Difficulty Log to DOQ after each conversation
<i>Food & Beverage:</i>			
1. Restaurants, Lounge, & Club	Composite Score: checks opened or adjusted because of customer dissatisfaction of any type	Within the Outlet	Send daily as soon as possible to DOQ
2. Room Service	Room Service Orders: those orders delivered past the company standard commitment time or delivery of incomplete orders	Room Service	Send daily at the end of each shift to DOQ
3. Banquet Food	Banquet Event Difficulties	Banquet Floor	Banquet Office submits report after each event

Source: The Ritz-Carlton Hotel Company, L.L.C.

Exhibit 6 Awards Won by The Ritz-Carlton**The Malcolm Baldrige National Quality Award**

- / 1992: First and only hotel company to win the award
- / 1999: First and only service company to win the award two times

AAA Five Diamond Awards

- / 10 properties and 6 restaurants (2001)
- / 11 properties (2000)
- / The first ever AAA Triple Five Diamond Hotel (1999)

Conde Nast Traveler, Business Travel Awards

- / Best European Hotel Chain for Business Travel (2000)
- / #3 North American Hotel Chain for Business Travel (2000)
- / #5 Asia/Pacific Hotel Chain for Business Travel (2000)
- / Best Hotel Chain in Asia-Pacific (1998)
- / Best Club Floors in the World (1998)

Conde Nast Traveler, 2000 Gold List

- / 16 properties on The Gold List
- / "The only urban hotel with two perfect scores for service and rooms"
- / "The highest-scoring property in the Americas"
- / "The highest-scoring property for service in the United States"

Conde Nast Traveler, 1999 Readers' Choice Awards

- / #2 "Best of the Best"
- / #1 Asian Hotel
- / #1 and #2 North American Resorts
- / #3 North American Hotel
- / #1 Australian Hotel
- / #1 Caribbean/Latin Hotel
- / #1 Caribbean/Atlantic Resort

East Magazine

- / Three of Asia's Best Business Hotels (2000)

Far Eastern Economic Review

- / Named one of Asia's 200 Leading Companies (1999)

Florida Living Magazine, 2000 Best of Florida Award

- / "Best Resort"

Globo Magazine

- / Best Hotel Company in the World (1999)

Gourmet Magazine

- / Best Hotel in Mexico (1999)
- / Tops for Romance (1999)
- / #6 Hotel in the World, Rooms at the Top Survey (1999)
- / Best Hotel Chain or Group – United States and the World (1998)

Mobil Travel Guide Five Star Awards

- / The Ritz-Carlton, Naples (2000, 2001)
- / The Dining Room at The Ritz-Carlton, Buckhead (2000)

Official Hotel Guide

- / Gold Award for "Favorite Deluxe Hotel Chain, North America" (1998)

Senses, Wellness Award 2000

- / "Best Beach Resort"
- / #2, "Your Personal Favorite as Overall Winner"

Travel & Leisure, 2001 Best Value Hotels

- / The Ritz-Carlton, Bali
- / The Ritz-Carlton, Montreal

Travel & Leisure, World's Best Awards (1999)

- / Six of the Top 100 Hotels in the World
- / #1 Hotel in: the Continental U.S. & Canada; Hawaii; Mexico, Central, & South America; The Caribbean, Bermuda, & Bahamas; and Australia, New Zealand, & the South Pacific

Travel & Leisure, World's Best Service Awards (1999)

- / Five properties with World's Best Service
- / #1 in service in: Hawaii; Mexico, Central, & South America; and Australia, New Zealand, & the South Pacific

Worth Magazine, Readers' Choice Award

- / Best Luxury Hotel Chain (2000)

Zagat U.S. Hotels, Resorts, & Spas Survey

- / Best Hotel Chain (1990, 1993, 1995)

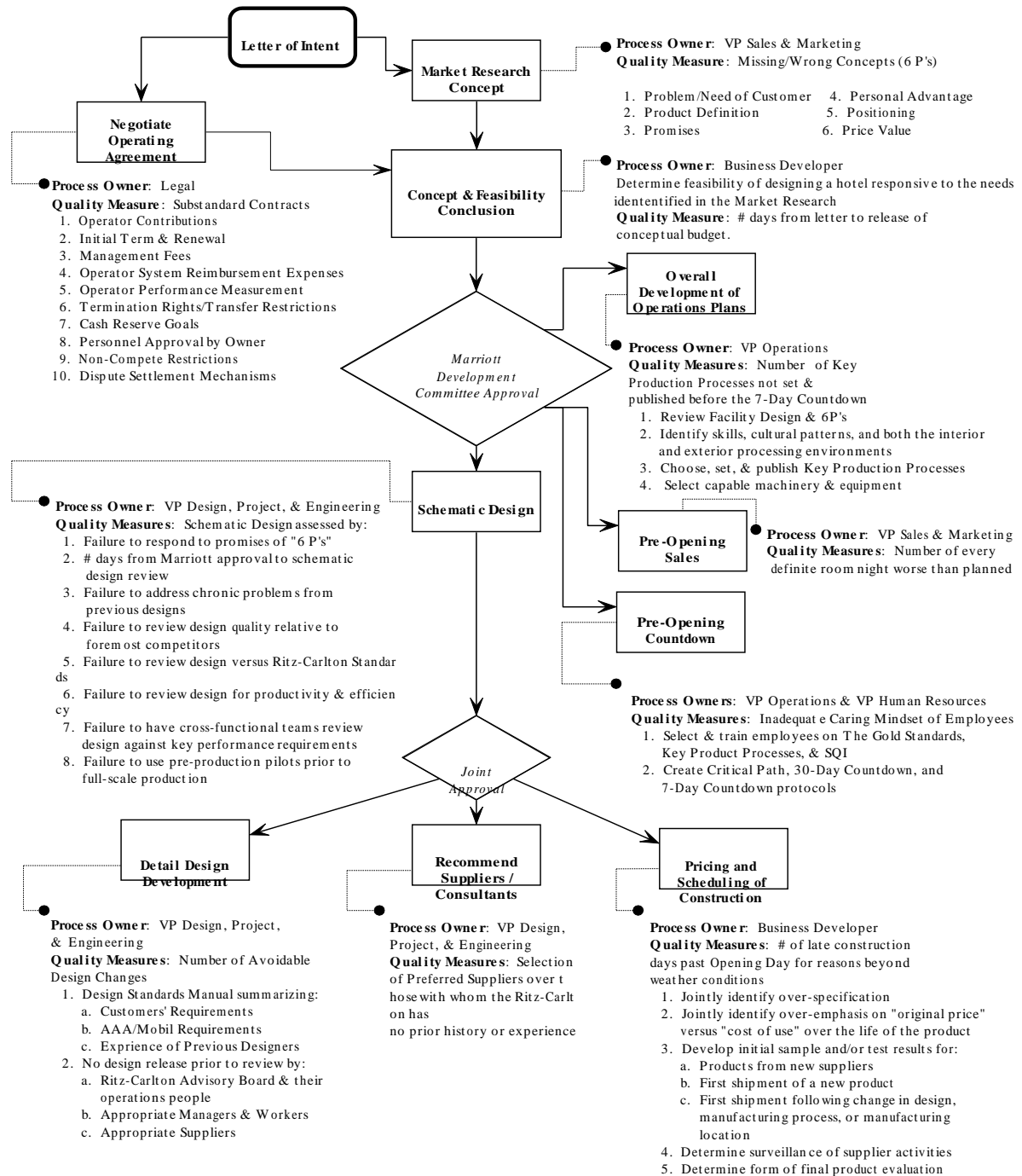
Source: The Ritz-Carlton Hotel Company, L.L.C.

Exhibit 7 The Ritz-Carlton Post-Opening Training and Development Program

Phase 1			
	Line Staff	Middle Manager	General Manager
/ Hotel Orientation (16 hours; <i>for new hotels, part of 7-Day Countdown</i>)	X		
/ Training Certification (120 hours; <i>begins during 7-Day Countdown</i>)	X		
/ Day 21 (4 hours)	X	X	X
/ Leadership Orientation (4 days, 32 hours)		X	X
/ If possible, participate in new hotel opening (2 weeks, 100 hours)		X	X
/ 2 days in corporate office meeting with senior leaders (16 hours)			X
/ 2 weeks in a functioning hotel in the same class or level (100 hours)			X
Phase 2			
	Line Staff	Middle Manager	General Manager
/ Hotel Orientation (2 days/16 hours)	X	X	X
/ GLOW (Guest Problem Resolution process; 3 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ LEAP (Advanced Guest Problem Resolution and up-selling skills; 4 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ Understanding How a Talent-Based Organization works (attend if a Departmental Trainer; 8 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ Creating an environment of trust and empowerment (5 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ CARE (Controlling Alcohol Risks Effectively; 3 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ Food Safety (2 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ Day 365 (3 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ Re-certification (10 hours)	X	For departments in division; Within 5 months of entering Phase 2	
/ Re-orientation (4 hours)	X	Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ TARGET (train the trainer on Ritz-Carlton training certification process, 5 hours)		Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ Situational Leadership (16 hours)		Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ The Seven Habits of Highly Effective People (32 hours)		Within 5 months of entering Phase 2	Within 5 months of entering Phase 2
/ Understanding training certification in each role in department and division		Ongoing for first 3 weeks of Phase 2	
Phase 3			
	Line Staff	Middle Manager	General Manager
/ Leadership Center for advanced management skills (2 days/16 hours)		X	X
TOTAL TRAINING HOURS	174	279	349

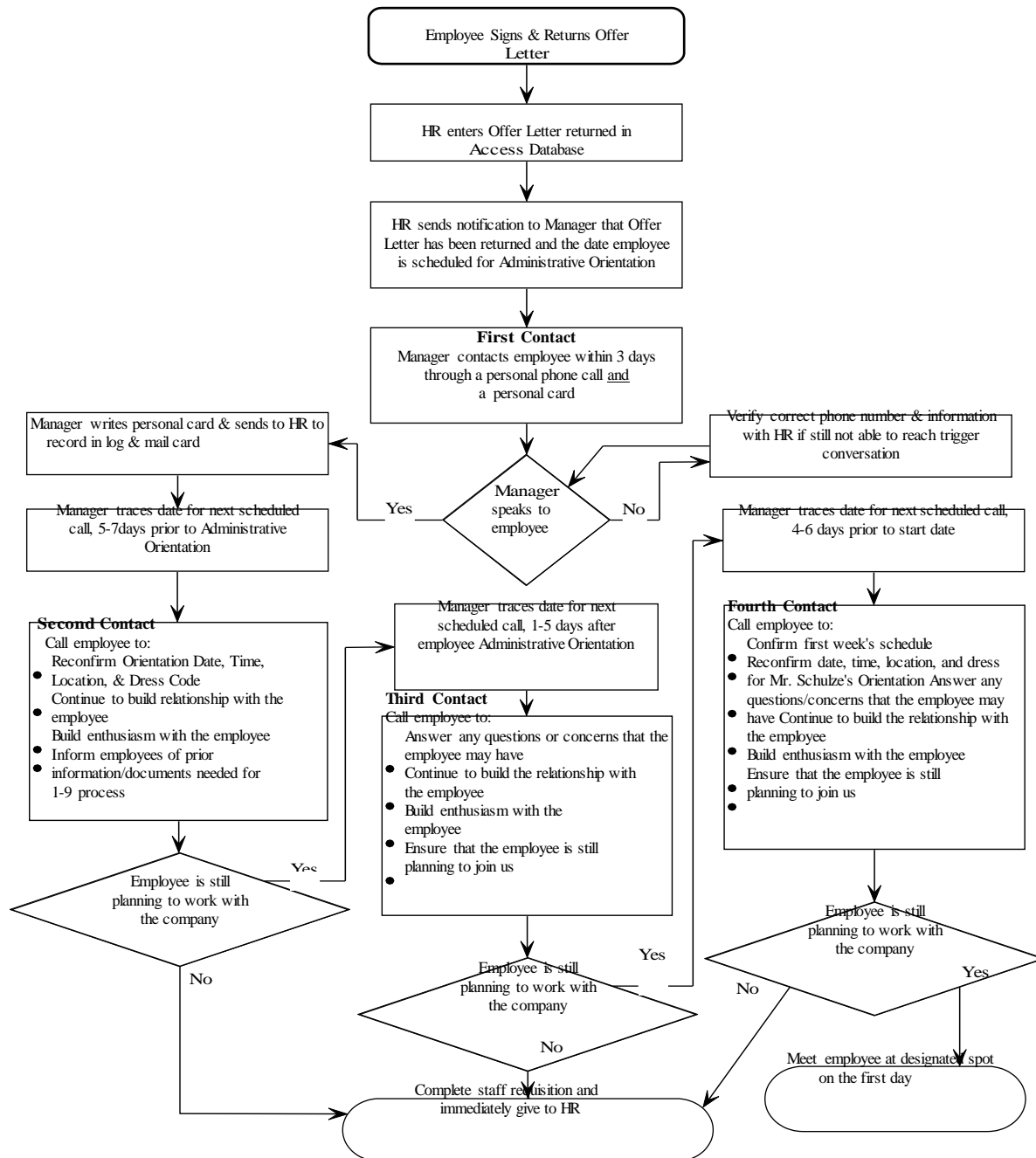
Source: The Ritz-Carlton Hotel Company, L.L.C.

Exhibit 8 Product Quality Indicators (PQIs)



Source: The Ritz-Carlton Hotel Company, L.L.C.

Exhibit 9 Pre-Employment Call-Back Process

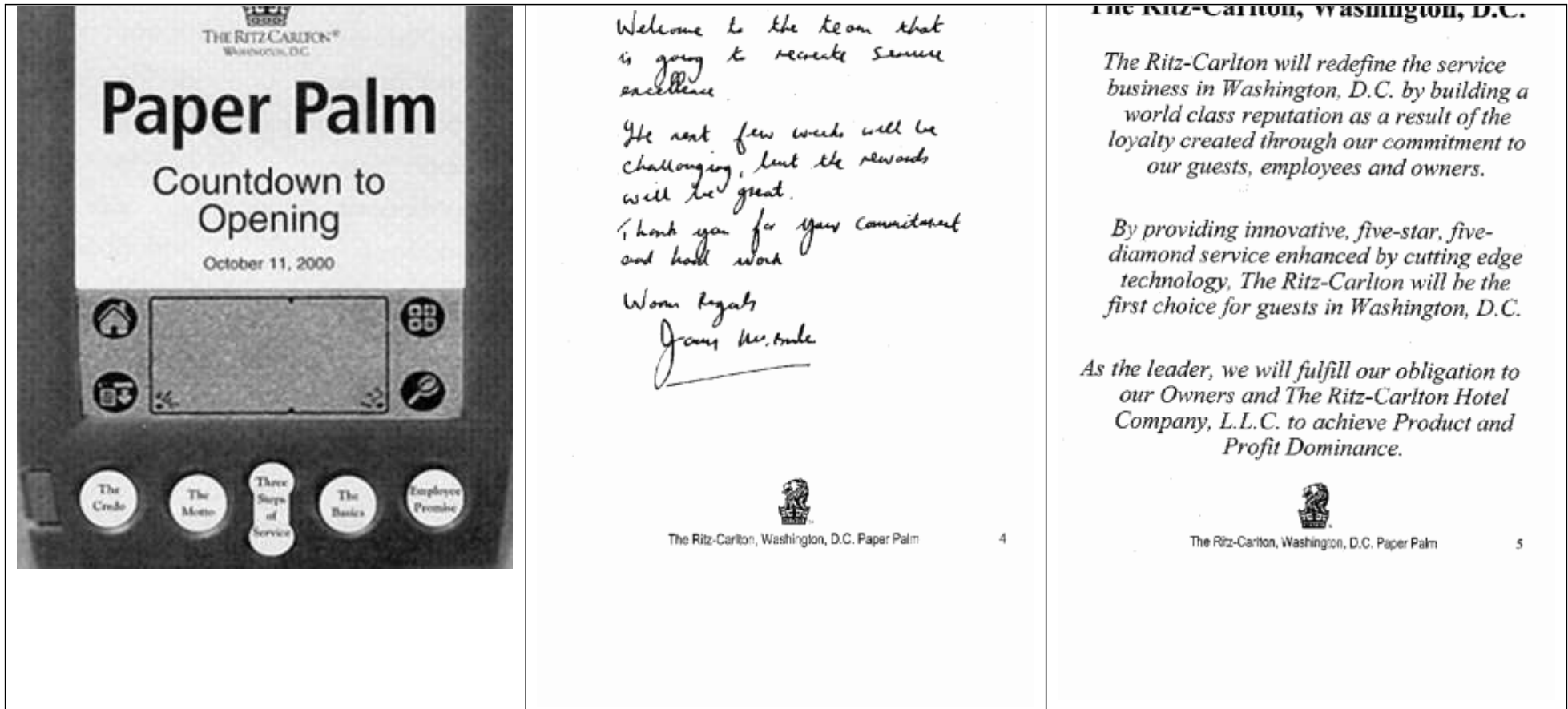


Source: The Ritz-Carlton Hotel Company, L.L.C

The Ritz-Carlton Hotel Company

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Exhibit 10 The "Paper Palm"



Additional Information Contained in the "Paper Palm"

<input type="checkbox"/> Positions and names of the Corporate Steering Committee and the Hotel Guidance Team <input type="checkbox"/> Background regarding Marriott International and Millennium Partners <input type="checkbox"/> Descriptions of the artwork in the hotel and information about the various artists <input type="checkbox"/> General schedule of the Seven Day Countdown	<input type="checkbox"/> Descriptions of guest rooms and rates <input type="checkbox"/> Hours of operation for restaurants, communications center, sports club, & gift shop <input type="checkbox"/> Diagram of meeting facilities <input type="checkbox"/> Descriptions of the Sports Club/LA and the Splash Spa	<input type="checkbox"/> Spaces to write down key extensions for services such as the concierge, housekeeping, guest services, restaurant reservations, and room service <input type="checkbox"/> Appropriate verbiage for employees to use when communicating with guests, such as: "Good afternoon," "Have a pleasant day," "How may I assist you?," "I beg your pardon," "Please forgive me," "Excellent choice," "My pleasure."
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Source: The Ritz-Carlton Hotel Company, L.L.C.

Exhibit 11 The Gold Standards

THREE STEPS OF SERVICE	THE MOTTO	THE EMPLOYEE PROMISE	THE CREDO
<p>1 A warm and sincere greeting. Use the guest name, if and when possible.</p> <p>2 Anticipation and compliance with guest needs.</p> <p>3 Fond Farewell. Give them a warm good-bye and use their names, if and when possible.</p>	<p><i>We Are Ladies and Gentlemen Serving Ladies and Gentlemen</i></p>	<p><i>At The Ritz-Carlton, our Ladies and Gentlemen are the most important resource in our service commitment to our guests.</i></p> <p><i>By applying the principles of trust, honesty, respect, integrity, and commitment, we nurture and maximize talent to the benefit of each individual and the company.</i></p> <p><i>The Ritz-Carlton fosters a work environment where diversity is valued, quality of life enhanced, individual aspirations are fulfilled, and The Ritz-Carlton mystique is strengthened.</i></p>	<p>The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.</p> <p>We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambiance.</p> <p>The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.</p>

The Ritz-Carlton Basics

1. The Credo is the principal belief of our Company. It must be known, owned, and energized by all.
2. Our Motto is: "We are Ladies and Gentlemen Serving Ladies and Gentlemen." As service professionals, we treat our guests and each other with respect and dignity.
3. The Three Steps of Service are the foundation of Ritz-Carlton hospitality. These steps must be used in every interaction to ensure satisfaction, retention, and loyalty.
4. The Employee Promise is the basis for our Ritz-Carlton work environment. It will be honored by all employees.
5. All employees will successfully complete annual training certification for their position.
6. Company Objectives are communicated to all employees. It is everyone's responsibility to support them.
7. To create pride and joy in the workplace, all employees have the right to be involved in the planning of the work that affects them.
8. Each employee will continuously identify defects (M.R. B.I.V.) throughout the Hotel.
9. It is the responsibility of each employee to create a work environment of teamwork and lateral service so that the needs of our guests and each other are met.
10. Each employee is empowered. For example, when a guest has a problem or needs something special, you should break away from your regular duties to address and resolve the issue.
11. Uncompromising levels of cleanliness are the responsibility of every employee.
12. To provide the finest personal service for our guests, each employee is responsible for identifying and recording individual guest preferences.
13. Never lose a guest. Instant guest pacification is the responsibility of each employee. Whoever receives a complaint will own it, resolve it to the guest's satisfaction, and record it.
14. "Smile – We are on stage." Always maintain positive eye contact. Use the proper vocabulary with our guests and each other. (Use words like "Good Morning," "Certainly," "I'll be happy to," and "My pleasure").
15. Be an ambassador of your Hotel in and outside of the workplace. Always speak positively. Communicate any concerns to the appropriate person.
16. Escort guests rather than pointing out directions to another area of the Hotel.
17. Use Ritz-Carlton telephone etiquette. Answer within three rings with a "smile." Use the guest's name when possible. When necessary, ask the caller "May I place you on hold?" Do not screen calls. Eliminate call transfers whenever possible. Adhere to voice mail standards.
18. Take pride in and care of your personal appearance. Everyone is responsible for conveying a professional image by adhering to Ritz-Carlton clothing and grooming standards.
19. Think safety first. Each employee is responsible for creating a safe, secure, and accident-free environment for all guests and each other. Be aware of all fire and safety emergency procedures, and report any security risks immediately.
20. Protecting the assets of a Ritz-Carlton Hotel is the responsibility of every employee. Conserve energy, properly maintain our Hotels, and protect the environment.

Source: The Ritz-Carlton Hotel Company, L.L.C.

Exhibit 12 Handling Guest Difficulties

Handling Guest Difficulties Procedure

1. **Break away from work.** Basic #10 (Call someone if you can't break away.)
2. **Instant Guest Pacification.** Basic #13
3. **LEAP.**
 - a. Listen
 - b. Empathize
 - c. Ask for Clarification. Take notes if necessary.
 - d. Produce a Solution. Use your empowerment. If you cannot do it yourself, ask your Manager for help. Follow up with other departments involved in solution.
4. **Complete QIA.** (Distribute to all departments if applicable).
5. **Follow-up within 20 minutes.** To find out if the guest is satisfied with the solution.

THE RITZ-CARLTON, WASHINGTON, D.C.

QIA: Guest Incident Action Form

Incident Date:		Time:			
Guest Name:			Company Affiliation (if applicable):		
Address:			Telephone Number:		
Room Number:		Arrival Date:		Departure Date:	
GUEST TEMPERATURE					
Before:	Livid	Very Upset	Upset	OK	Calm
After:	Livid	Very Upset	Upset	OK	Calm
What Was The Problem?					
What Did You Do To Resolve The Problem?					
Was The Opportunity Resolved to the Guest Satisfaction? Yes NO					
Recommended Follow Up Action Steps:					
Employees Involved:			Form Completed By:		
			Department:		
			Date Completed:		

Please note: this is a legal document. Include *facts* only.

E-Mail to GRP RC Washington DC Everyone or Place A Copy in the Mailboxes

HANDLING GUEST DIFFICULTIES: PROCESS MANAGEMENT

WHAT	WHO, WHEN
1. Print and include in line-up packet for next day distribution: <ul style="list-style-type: none"> • QIAs • Summary of in-house guests with difficulties 	Night Manager, daily overnight
2. Print and include in line-up packet for next day distribution: <ul style="list-style-type: none"> • "Outstanding Difficulties Report" 	Night Manager, overnight on Fridays
3. Ensure QIA's are followed up personally with guest and QIA originator.	GT & Dept. Heads. Daily
4. Analysis of top difficulties by hotel and departments <ul style="list-style-type: none"> • Action Plans for the 20 of the 80 should be designed 	Department of Quality: Quarterly

Source: The Ritz-Carlton Hotel Company L.L.C.

Exhibit 13 The Ritz-Carlton Washington, D.C., Pre-Opening Budget

SALARIES & WAGES		OTHER EXPENSES	
Food & Beverage Division		Sales and Marketing	
Banquets	49,990	Association Dues	4,003
Catering	136,383	Brochures & Direct Mail	106,780
F & B Executive	43,264	Entertainment	50,000
Honor Bar	3,505	Miscellaneous	25,000
Kitchen	101,517	Operating Supplies & Production	65,000
Lobby Lounge	9,767	Print Media	151,085
Restaurant Reservations	2,998	Public Relations	45,000
Room Service	11,135	Site Visit Expense	29,000
Stewarding	21,483	Telephone	40,000
Storeroom	3,960	Trade Shows	25,000
The Bar	5,950	Travel	60,000
The Restaurant	24,892	VIP Guest Gifts	10,000
Total Food & Beverage Division	414,844	Total Sales and Marketing	610,868
Rooms Division		Operational and Office Expenses	
Business Center	7,108	Duplicating/Fax	10,000
Concierge	9,170	Hotel Forms	40,000
Front Office	30,096	Menus and Check Presenters	55,000
Housekeeping	74,621	Office Rental/Equipment	39,500
Telephone	17,810	Office Supplies	20,000
Reservations	39,092	Postage	10,000
Rooms Executive	38,630	Telephone	35,004
Service Staff	9,650	Total Operational Office Expenses	209,504
The Club	7,970	Selection, Orientation & Training	
Total Rooms Division	234,147	Advertising	5,000
Other Departments		Mass Selection	5,000
Accounting	176,343	Travel (Interviews)	10,000
Cafeteria	28,569	Talent Plus Executive Interview	5,000
Engineering	115,680	Presentation Costs ^a	5,000
Executive	137,128	Trainers ^a	40,000
Human Resources	80,762	Pep Rally ^a	5,000
Laundry	40,298	Total Orientation & Training	75,000
Purchasing	39,030	Recipe Testing/Trial Feedings	
Sales & Marketing	409,642	Banquets	4,000
Security	20,174	Chef's Table ^a	2,500
Sundry Shop	5,065	Employee Cafeteria ^b	30,000
Total Other Departments	1,052,691	Food Shows ^a	7,000
Other Compensation		Kitchen Prep	28,000
Incentive Compensation	161,527	Lobby Lounge	2,500
Payroll Taxes & Employee Benefits	357,340	Non-perishables	40,000
Relocation	165,077	Room Service	2,000
Total Other Compensation	683,944	The Bar	3,000
Total Salaries & Wages	2,385,626	The Restaurant	20,000
Miscellaneous		Total Recipe Testing/Trial Feedings	139,000
Entertainment	10,000	TOTAL EXPENSES	3,500,000
Executive Committee Travel	25,000	NOTES:	
Miscellaneous	24,000	^a Part of the Seven Day Countdown	
Travel	21,002	^b Half of the Employee Cafeteria Costs are part of the Seven Day Countdown	
Total Miscellaneous	80,002		

Source: The Ritz-Carlton Hotel Company, L.L.C. **All figures are disguised.**

Appendix 3: Examples of Student Work

Business Plan

XXXXXXXXXX

HRTM 479 - Section 001

Dipra Jha, Instructor



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Executive Summary

The following document details out a plan on starting a quick service sushi restaurant in Lincoln, Nebraska to be opened in 2014. xxxxxxxx is looking to open a franchise quick service sushi restaurant called *How do you roll?* which would be the first quick service sushi restaurant in the city. Xxxxxxxx has had experience with other franchise restaurants having worked with at the corporate office of Applebee's and Famous Dave's for over five years but this would be the first time she has worked with a sushi concept.

Xxxxxx will inquire a loan to start up her business while also investing her own capital. Not only will she own the restaurant but will also contribute to marketing and accounting efforts. She will also have a small staff to do other clerical work. In the following information you can find a detailed explanation to where the money from her accounts along with the loan will be going to and where she plans on making money. The long term plan is for this to be the first restaurant of many started by Gabel because she plans on starting many other properties under the same franchise.

Besides financial information, this document includes marketing plan, plan for the business growth, as well as important employee descriptions along with the organizational chart. Finally, there are supporting articles to why this business plan will be successful. To conclude you will find the sources where this information came from.

Description of Business

How do You Roll? is a franchisee that originally started in 2008. The fast-casual restaurant is growing at a fast rate of 11% annually which is almost three times faster than other sectors. This quick service restaurant has a lot of opportunity for growth and has a very unique niche in the current restaurant market. As quick service restaurants become more popular, this is one of the first sushi quick service franchises in the nation. The current locations are located on the Southern border of the United States so putting one in Nebraska would be unique.

Abbie chose to team up with the *How do you Roll?* franchise because their values lined up very closely to her own. The mission of *How do you Roll?* are to emphasize freedom of choice and encouraging individualism, promote healthy living by making healthier food accessible, providing purpose, development, and autonomy within the organization, and support local communities with donations, volunteering, and events while also carrying eco-friendly recycled and compostable materials. The core values of the company is to continually improve, be coachable, be emotionally competent, act with integrity, and have a strong work ethic.

As a franchise of *How do you Roll?*, my key staff member and I will receive up to 75 hours of training at the franchisee's corporate office along with an additional 50 hours of training at our Lincoln store location. This is the first restaurant that I am opening which is why the pre-opening assistance I will be receiving will be so impactful. Along with the training and assistance, I am obtaining exclusive rights to operational tools and recipes that are vital to the success of my new restaurant. *How do you Roll* emphasizes customization along with fresh and nutritious ingredients with superior service which will be the recipe for success.

Market Overview

According to the 2010 census, Lincoln, Nebraska had a population of 258,381 in 2010. The census projects Lincoln to have a 1.5% annual growth so when *How do you Roll?* opens in 2014, Lincoln will have a projected population of 274,233 people. My target audience is both men and women in which Lincoln, Nebraska's population is split 50% between the two genders.

The target age will be the population of people between the ages of 18 to 65. This is my target market age because usually kids below the age of 16 can not drive and the majority of this population is not hanging out in the Downtown/Haymarket area. The population above 65 years old are often not consumers of sushi because it was not popular when they were growing up and are often reluctant to try it. Lincoln's population between the ages of 18 and 65 is 66.6% or a projection of 182,639 people in 2014.

My target market consists of all races and cultural groups even though Lincoln's population consists of a majority of a Caucasian population (86%). Lincoln, Nebraska is the perfect location for any restaurant because of its pretty stable economy. Lincoln's population is generally educated with 93.1% of people over the age of 25 having graduated high school and 36% of people over the age of 25 have a Bachelor's Degree. This means that there is a high population of educated people in the city of Lincoln and they are going to have better jobs that will lead to a higher income.

The per capita money income in 2011 was \$25,765 but the percentage of people below poverty level is only 15.5%. This shows that most households in Lincoln are able to go out to eat or spend money at restaurants. There are also 21,792 businesses in Lincoln according to the Census in 2010 which is important because these are a huge target for catering events and off-location sales. Overall, Lincoln has a large population to find many different target markets to make this restaurant successful.

Industry Overview - SWOT Analysis

Strengths:

- Quick service is “in”, people want good food quick
 - Customization is becoming more and more important in the industry
- Unique - No similar restaurants to compete with (no quick service Sushi)
- Not many “good” sushi restaurants to compete with
 - When looking on-line almost all of the sushi restaurants listed in Lincoln had several bad reviews
- Great service and quality product
- Sushi is becoming more and more popular
 - More people are becoming aware of it
 - Because healthy food is growing in popularity sushi is growing in popularity because it is healthy
- Being a part of a franchise is great because they are going to help me get started and provide the tools and expertise for me to be successful
- Lincoln is continuing to grow in population and in businesses and with the addition of the Pinnacle Arena there will be more events to attract even more people that would normally not be in the area
- University of Nebraska-Lincoln is looking to grow which will increase the population and target market

Weaknesses:

- Lincoln is starting to get oversaturated with new restaurants
- Pinnacle Bank Arena’s success has not been determined yet
 - Will it be able to continually sell out and continually attract people?
- Because this restaurant is only selling sushi, it’s target market is smaller than a restaurant that sells multiple items
- No reputation
- Obviously not close to an ocean so obtaining and keeping fresh seafood will always be a struggle

Opportunities:

- A lot of opportunity for growth of franchise - See map below
 - No franchise restaurants in the Midwest nor the northern half of the United States. This gives a lot of area to continue to add restaurants in the future



Locations of current *How do you Roll?* Restaurants

Threats:

Other sushi restaurants in Lincoln-



Kinja
4141 Pioneer Woods Dr
Lincoln, NE
(402) 488-7800

Teppanyaki Grill
Sushi Buffet
5130 N 27th St
Lincoln, NE
(402) 742-3333

Tokyo Steakhouse
& Sushi Bar
4200 S 27th St
Lincoln, NE
(402) 420-3004

Dozo Sushi Grill
& Lounge
151 N 8th St
Lincoln, NE
(402) 904-4190

Shogun
3700 S 9th St
Lincoln, NE
(402) 421-7100

Fuji Japanese
Restaurant
1501 Pine Lake Rd
Lincoln, NE
(402) 328-0688

Other quick service restaurants in Downtown/Haymarket area of Lincoln-

Noodles & Company

Qdoba

Chipotle

Oso Burrito

Maggie's Vegetarian Café

Subway

Jimmy John's

Firehouse Subs

Jersey Mike's Subs

Amigo's

Wendy's

Arby's

Dickey's BBQ

Five Guys

Pepperjax Grill

Raising Cane's

Southwest Pit BBQ

Panda Express

Samurai Sam's

Doozy's

Goodcents

Panera

Highnooner's

Pickleman's

Ali Baba Gyros

Gourmet Grill

Lazzari's

Toppers

Fuzzy's Taco

Wahoo Taco

Business Opportunity

Marketing and Sales Strategy:

- Team up with University of Nebraska-Lincoln's marketing efforts to advertise to college students by providing college discounts and coupons in college coupon books
 - Participate in Get R'ced, and Big Red Welcome
 - Host a Greek Philanthropy
 - Participate in campus events
- Team up with the Pinnacle Bank Arena to provide discounts for guests with ticket stubs from sporting or other events
- Partner with Ivanna Cone to offer "Dinner & Dessert" special
- Randomly deliver samples to area businesses along with specials/coupons
- Promote catering services at nearby hotels and event venues along with shows (bridal shows) and Greek houses
 - Refrigerated case

The franchisee contributes a lot to help with marketing efforts for each restaurant. They supply printing materials along with web and social networking support. The restaurant is required to pay a marketing fee to cover these costs.

Product/Service Strengths: There is no other properties nearby which allow guests to customize their own sushi rolls quickly. All other sushi establishments are dine in only or "To-Go" which is why this quick service sushi establishments stands out. Even though there are many quick service restaurants in the area, none offer seafood or sushi and *How do you Roll?* would be one of the healthiest options available. Guests can choose to take their meals to go or to dine in but most importantly, the guest gets their meal quickly after watching it being made right in front of them. Another strength of this business is catering opportunities. Not only can we cater business lunches and functions but also with the refrigerated case, we can cater large events.

Because this is a franchise, there is a lot of opportunity for growth. After establishing this store in Lincoln, Nebraska, we are able to continue to grow not only in Lincoln and Nebraska as a whole but all throughout the Midwest and United States.

Financial projections:

CONCEPT How Do You Roll Lincoln				
	Lunch	Dinner	Tl. DAY	
M	1,488	3,161	4,649	
T	1,759	5,039	6,799	
W	2,084	4,109	6,193	
TH	2,496	2,242	4,738	
F	1,261	2,021	3,282	
S	1,239	3,222	4,461	
S	1,323	2,556	3,879	
AVG	11,650	22,350	34,000	
	Lunch		Dinner	
FOOD	11,359	97.50%	20,601	92.18%
LIQUOR	291	2.50%	1,749	7.82%
	FOOD	LIQUOR	TOTALS	
WKLY	31,960	2,040	34,000	
YRLY	1,661,920	106,080	1,768,000	
LOANS:		BLDG.	EQ.	
	RATE	6.50%	8.00%	
	TERM	10	5	
	PRINCIPAL	226,575	139,463	
	MONTHLY	2,573	2,828	
	ANNUAL	30,873	33,934	
PERCENTAGE RENT:				
Percentage	0.00%	%	0	
Monthly Base	5,250	Annual	63,000	
Break	\$0	Annual	63,000	
Rent based on 1,800 square feet at \$35 a foot				
SALARIES:				
	General			
	Mgr	60,368		
	ASSTS.	47,432	Asst.	
	TOTALS	107,800	mng	

Total amount borrowing



VARIABLE	CONTROLABLES:	8.37%
	WAGES:	21.50%
	INDIRECT:	4.40%
	ROYALTIES:	7.00%
	SUPPORT COSTS:	4.50%
	MARKETING:	4.00%

BANKING/CC	
FEES:	1.96%
FOOD:	32.00%
LIQUOR:	35.00%

Controllables

	Year 1			Year 2		Year 3		Year 4	
Manager Meals	5,307.60	0.30%		5,466.83	0.30%	5,576.16	0.30%	5,687.69	0.30%
Employee Meals	4,423.00	0.25%		4,555.69	0.25%	4,646.80	0.25%	4,739.74	0.25%
Complaint Comps	7,076.80	0.40%		7,289.10	0.40%	7,434.89	0.40%	7,583.58	0.40%
PR Comps	8,846.00	0.50%		9,111.38	0.50%	9,293.61	0.50%	9,479.48	0.50%
Specialty Discounts	Projected Sales	30	0.25%	4,555.69	0.25%	4,646.80	0.25%	4,739.74	0.25%
Cash/Over Short & Checks	Based on	32	0.01%	182.23	0.01%	185.87	0.01%	189.59	0.01%
Smallwares	Franchisee's	34	0.62%	11,298.11	0.62%	11,524.07	0.62%	11,754.55	0.62%
Office Supplies	projections	56	0.18%	3,280.10	0.18%	3,345.70	0.18%	3,412.61	0.18%
Newspapers & Subscriptions		32	0.01%	182.23	0.01%	185.87	0.01%	189.59	0.01%
Help Wanted Adds		176.92	0.01%	182.23	0.01%	185.87	0.01%	189.59	0.01%
Customer Supplies		21,230.40	1.20%	21,867.31	1.20%	22,304.66	1.20%	22,750.75	1.20%
To Go Supplies		4,953.76	0.28%	5,102.37	0.28%	5,204.42	0.28%	5,308.51	0.28%
Menus		2,653.80	0.15%	2,733.41	0.15%	2,788.08	0.15%	2,843.84	0.15%
Warewash		3,715.32	0.21%	3,826.78	0.21%	3,903.32	0.21%	3,981.38	0.21%
Cleaning Supplies		4,246.08	0.24%	4,373.46	0.24%	4,460.93	0.24%	4,550.15	0.24%
Laundry Supplies		2,476.88	0.14%	2,551.19	0.14%	2,602.21	0.14%	2,654.25	0.14%
Uniforms	Payment	1,415.36	0.08%	1,457.82	0.08%	1,486.98	0.08%	1,516.72	0.08%
Postage		176.92	0.01%	182.23	0.01%	185.87	0.01%	189.59	0.01%
R & M Building & Equipment		8,846.00	0.50%	10,022.52	0.55%	11,152.33	0.60%	12,323.32	0.65%
Contract Services		14,153.60	0.80%	14,578.21	0.80%	14,869.77	0.80%	15,167.17	0.80%
Janitorial Services		707.68	0.04%	728.91	0.04%	743.49	0.04%	758.36	0.04%
Trash Removal		5,838.36	0.33%	6,013.51	0.33%	6,133.78	0.33%	6,256.46	0.33%
Utilities - Electric		22,115.00	1.25%	22,778.45	1.25%	23,234.02	1.25%	23,698.70	1.25%
Utilities - Gas		5,307.60	0.30%	5,466.83	0.30%	5,576.16	0.30%	5,687.69	0.30%
Utilities - Water & Sewer		3,538.40	0.20%	3,644.55	0.20%	3,717.44	0.20%	3,791.79	0.20%
Utilities - Telephone		1,061.52	0.06%	1,093.37	0.06%	1,115.23	0.06%	1,137.54	0.06%
Utilities - Internet		884.60	0.05%	911.14	0.05%	929.36	0.05%	947.95	0.05%
	-	-		-	-	-	-	-	-
Total Controllables		148,082.04	8.37%	153,435.64	8.42%	157,433.71	8.47%	161,530.33	8.52%
	=	=		=	=	=	=	=	=
TOTAL OPERATIONAL COSTS		1,175,847.24	66.46%	1,212,033.80	66.51%	1,237,203.83	66.56%	1,262,895.86	66.61%
	=	=		=	=	=	=	=	=

*These figures were found by estimating and getting similar numbers from other restaurants

Input Sheet Assumptions

-Income Tax

-Support wages include clerical and owner income

- Input has all percent wages of sale
- Increase in R&M
- Expenses expected to increase at CPI Index

FIXED COSTS

	Year 1		Year 2		Year 3		Year 4	
Management (Base, Bonus, Travel)	100,000.30	5.65%	103,000.31	5.65%	105,060.32	5.65%	107,161.52	5.65%
Payroll Tax Managers	7,800.02	0.44%	8,034.02	0.44%	8,194.70	0.44%	8,358.60	0.44%
	-	-	-	-	-	-	-	-
Total Fixed Wage Items	107,800.32	6.09%	111,034.33	6.09%	113,255.02	6.09%	115,520.12	6.09%
Building Interest	14,237.59	0.80%	13,123.52	0.72%	11,934.85	0.64%	10,666.54	0.56%
Equipment Interest	10,303.03	0.58%	8,341.70	0.46%	6,217.57	0.33%	3,917.17	0.21%
Rent Expense - Building	63,000.00	3.56%	63,000.00	3.46%	63,000.00	3.39%	63,000.00	3.32%
CAM charges to keep up place (landlord charges)	750.00	0.04%	772.50	0.04%	787.95	0.04%	803.71	0.04%
Property Tax	5,250.00	0.30%	5,407.50	0.30%	5,515.65	0.30%	5,625.96	0.30%
	-	-	-	-	-	-	-	-
Total Fixed Occupancy Costs	93,540.62	5.29%	90,645.22	4.97%	87,456.02	4.71%	84,013.38	4.43%
Licenses & Dues	900.00	0.05%	900.00	0.05%	900.00	0.05%	900.00	0.05%
ITS Service	3,900.00	0.22%	3,900.00	0.21%	3,900.00	0.21%	3,900.00	0.21%
Professional Fees	1,000.00	0.06%	1,000.00	0.05%	1,000.00	0.05%	1,000.00	0.05%
Property Casualty Insurance	2,400.00	0.14%	2,472.00	0.14%	2,521.44	0.14%	2,571.87	0.14%
Customer Satisfaction	300.00	0.02%	300.00	0.02%	300.00	0.02%	300.00	0.02%
Bank Charges	240.00	0.01%	247.20	0.01%	252.14	0.01%	257.19	0.01%
Credit Card Charges	34,499.40	1.95%	35,534.38	1.95%	36,245.07	1.95%	36,969.97	1.95%
Support Costs	78,260.56	4.42%	80,608.38	4.42%	82,220.55	4.42%	83,864.96	4.42%
Royalties	121,738.65	6.88%	125,390.81	6.88%	127,898.63	6.88%	130,456.60	6.88%
Advertising - National	43,478.09	2.46%	44,782.43	2.46%	45,678.08	2.46%	46,591.64	2.46%
Advertising - Local	26,086.85	1.47%	26,869.46	1.47%	27,406.85	1.47%	27,954.99	1.47%
	-	-	-	-	-	-	-	-
Total Other Fixed Costs	312,803.56	17.68%	322,004.66	17.67%	328,322.76	17.66%	334,767.21	17.66%
	-	-	-	-	-	-	-	-
TOTAL FIXED COSTS	514,144.50	29.06%	523,684.22	28.74%	529,033.80	28.46%	534,300.72	28.18%
	=	=	=	=	=	=	=	=

*These figures were found by estimating and getting similar numbers from other restaurants

Input Sheet Assumptions

- Income Tax
- Support wages include clerical and owner income
- Input has all percent wages of sale
- Increase in R&M
- Expenses expected to increase at CPI Index

Cash Flow Prior to Princ Pmts (how much cash is generated to cover principle payment of note)	79,208.26	4.48%	86,557.99	4.75%	92,483.89	4.98%	98,699.38	5.21%
	=	=	=	=	=	=	=	=
Principle Payments	40,265.50	2.28%	43,340.90	2.38%	46,653.70	2.51%	50,222.41	2.65%
Capital Spending (not expensible but depreciable over multiple years)	8,846.00	0.50%	9,111.38	0.50%	9,293.61	0.50%	9,479.48	0.50%
	=	=	=	=	=	=	=	=
Projected Cash Flow (Cash after everything has been paid out)	30,096.76	1.70%	34,105.71	1.87%	36,536.58	1.97%	38,997.49	2.06%
	=	=	=	=	=	=	=	=
EBITDA	173,163.44	9.79%	179,520.21	9.85%	183,563.25	9.88%	187,668.57	9.90%
	=	=	=	=	=	=	=	=
EBITDAR (Guide to see if profitable)	157,902.88		161,911.83		164,342.70		166,803.61	
EBITDA	94,902.88		98,911.83		101,342.70		103,803.61	
Fixed Charge Payments	127,806.12		127,806.12		127,806.12		127,806.12	
FCC Ratio – Fixed Charge Coverage Ratio (Bank Requirements)	1.24		1.27		1.29		1.31	

Budget

Categories		Budget
1	Construction	
a	Leasehold Improvements	238,000
b	Site Review	500
		238,500
2	Professional Fees/Permits	
a	Franchise Fee	30,000
		30,000
3	Equipment	
a	Major Equipment Package	78,500
b	Safe	250
c	Sales tax on equipment	5,513
		84,263
4	Small wares	
a	Main Package	5,250
		5,250
5	IT Systems	
a	POS Hardware	16,000
b	IT office equipment	1,500
		17,500
6	Audio/Video	
a	Audio/Visual	5,350
		5,350
7	Signage	
a	Exterior Signs	9,500
		9,500
8	Furniture	
a	Furniture	16,000
b	Shipping & Tax	1,600
		17,600
9	Deposits	
a	Utility Deposits	1,500
b	Rent Deposit	10,500
c	Prepaid Food	11,000
d	Insurance	2,400
e	Petty Cash	1,000
		26,400
10	Training (Pre Opening)	
a	Training & Travel	9,000
		9,000
11	Miscellaneous (Pre Opening)	
a	Office Equipment and Supplies	500
b	Marketing	3,500
c	Hiring Expenses	1,000
d	Marketing Materials	1,000
e	Uniforms/Nametags	850

Summary		
1	Construction Costs	\$ 238,500
2	Misc Assets	\$ 30,000
3	Equipment Costs	\$ 84,263
4	Small wares Costs	\$ 5,250
5	POS Costs	\$ 17,500
6	Audio/Video Costs	\$ 5,350
7	Signage Costs	\$ 9,500
8	Furniture Costs	\$ 17,600
9	Deposits	\$ 26,400
10	Training (Pre Opening)	\$ 9,000
11	Miscellaneous Costs (Pre Opening)	\$ 23,950
	Total	\$ 467,313
	Total Capitalized	\$ 434,363
	Total Expensed (Pre Opening)	\$ 32,950
	Tie Out	\$ 467,313

f	Medical kit/tools	350
g	Legal & Professional	12,000
h	Building/Health Permits	2,250
i	Grand Opening Materials	1,500
j	Liquor License/misc food permits	1,000
		23,950

Balance Sheet

How Do You Roll Balance Sheet Lincoln Projected Opening Balances

DESCRIPTION	YTD INFORMATION CURRENT YEAR	DESCRIPTION	YTD INFORMATION CURRENT YEAR
CURRENT ASSETS		CURRENT LIABILITIES	
Cash Reserves on Hand (Bank)	\$14,625.00	Accounts Payable	\$ 32,950
Cash Reserves (Petty Cash)	\$1,000.00	(Pre-Opening Expenses)	
Inventory	11,000.00		
Prepays	2,400.00		
Security Deposits	12,000.00		
-	-	-	-
Current Assets	41,025.00	Current Liabilities	32,950.00
-	-	(Expenses incurred to open)	-
LONG TERM ASSETS		LONG TERM LIABILITIES	
Equipment, Fixtures	139,462.50	Notes Payable	366,037.50
Leasehold Imprv & Capital Leases	238,500.00	(Money I am Borrowing)	-
-	-	Total Liabilities	398,987.50
Property Plant & Equipment at Cost	377,962.50	-	-
OTHER ASSETS			
Intangible Assets Franchise Fee	30,000.00	Paid In Capital	50,000.00
-	-	(My Own Money I am Putting In)	-
Total Assets	448,987.50	Total Liabilities and Stockholders' Equity	448,987.50
=	=		

Average Working Capital Projection first 30 days

Accounts Payable Wages & Taxes	21,770.12
Accounts Payable Trade (net 30)	79,036.48
(\$ Amount of Sales I am Generating Before I even have to pay my employees)	-
Total Working Capital Available	100,806.60

*What I can borrow from actual operations interest free

Cash Flow Statement

ANNUAL PROJECTION

SALES:

FOOD	1,661,920	93.94%
LIQUOR	106,080	6.00%
Retail	1,200	0.07%
TOTAL	1,769,200	100.00%

FIXED EXPENSE

BASE RENT	63,000	3.56%
C.A.M.	750	0.04%
MORTGAGE	30,873	1.75%
EQ. LOAN	33,934	1.92%
R.E. TAXES	5,250	0.30%
INSURANCE	2,400	0.14%
LICENSES & DUES	900	0.05%
MISC FEES	5,200	0.29%
SALARIES	107,800	6.09%
TLT.FIXED	250,106	14.14%

VARIABLE EXPENSE

FOOD	531,814	30.06%
LIQUOR	37,128	2.10%
RETAIL	600	0.03%
WAGES	380,378	21.50%
INDIRECT	77,845	4.40%
CONTROLABLES	148,082	8.37%
ROYALTIES	121,739	6.88%
SUPPORT COSTS	78,261	4.42%
MARKETING	69,565	3.93%
BANKING/CC FEES	34,739	1.96%
TL. VARIABLE	1,480,151	83.66%

TL. ALL COSTS	1,730,257	97.80%
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EB ITDA	173,163	9.79%
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Capital Ex	8,846	0.50%
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Cash Flow Pre Tax	30,097	1.70%
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Taxable Pre Depreciation	79,208	4.48%
---------------------------------	---------------	--------------

ASSUMPTIONS

Fixed expenses: \$250,106
Variable expenses 83.66%
Revenue increments in table: \$100,000

BREAK EVEN POINT CALCULATION

	Fixed	Variable	Total	Profit
Revenue	Expense	Expense	Expense	or Loss
1,530,841	250,106	1,280,734	1,530,841	0

BREAK EVEN TABLE

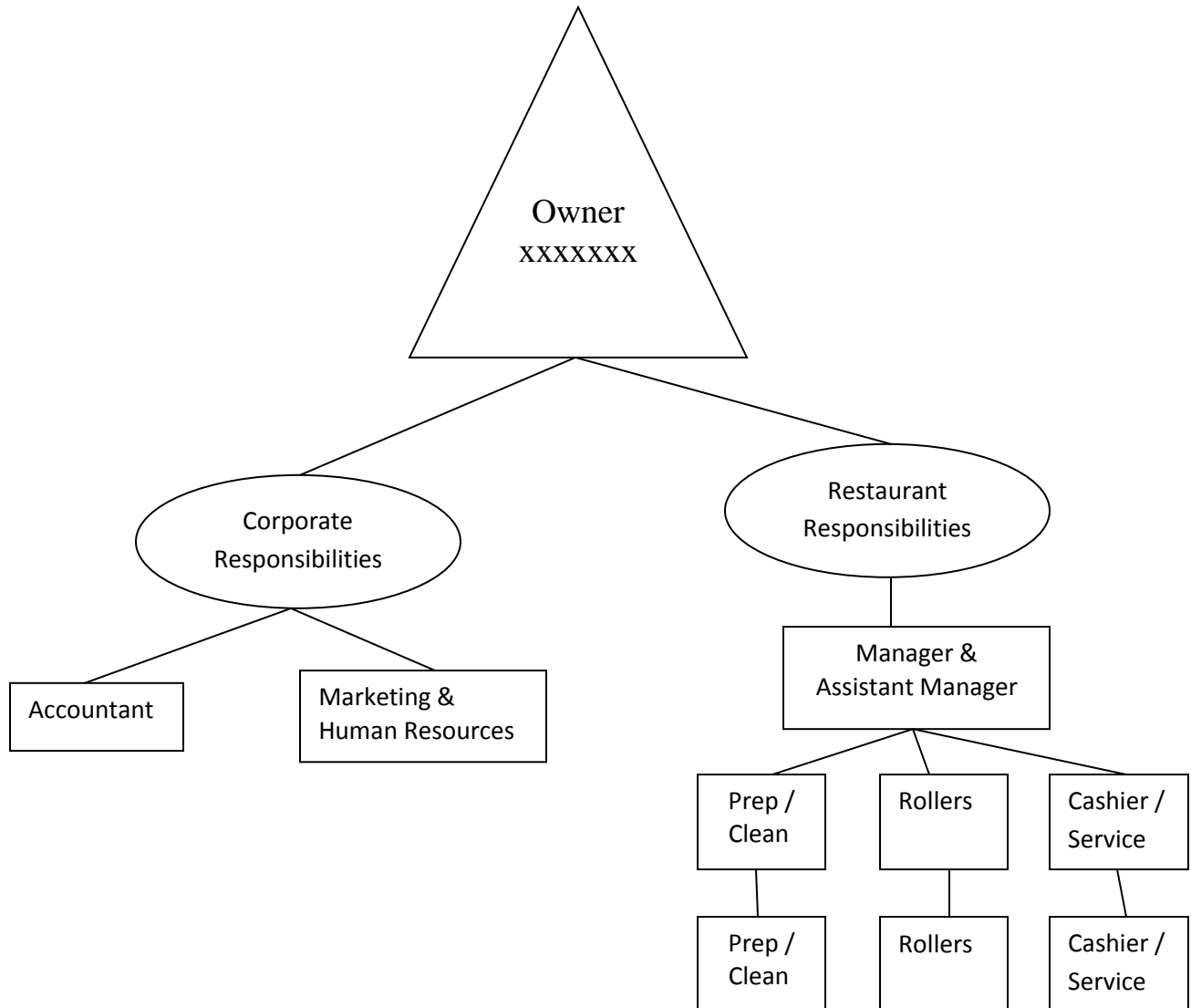
Revenue	Fixed Expense	Variable Expense	Total Expense	Profit or Loss
1,430,841	250,106	1,197,072	1,447,179	-16,338
1,530,841	250,106	1,280,734	1,530,841	0
1,630,841	250,106	1,364,397	1,614,503	16,338
1,730,841	250,106	1,448,059	1,698,165	32,676
1,830,841	250,106	1,531,721	1,781,827	49,014
1,930,841	250,106	1,615,383	1,865,489	65,351
2,030,841	250,106	1,699,045	1,949,152	81,689
2,130,841	250,106	1,782,707	2,032,814	98,027
2,230,841	250,106	1,866,369	2,116,476	114,365
2,330,841	250,106	1,950,032	2,200,138	130,703
2,430,841	250,106	2,033,694	2,283,800	147,041
2,530,841	250,106	2,117,356	2,367,462	163,378
2,630,841	250,106	2,201,018	2,451,124	179,716

Have to make this
much to break even

Debt Service

Total Debt	366,037.50
Lease Adjusted Debt (Rent x 8)	504,000.00
Purchase Price (Capital requirement to start business – improvements and cost of equipment)	377,962.50
EBITDA as a number of Purch Price	3.98
Lease Adjusted Leverage Ratio	5.51
Funded Debt Ratio (Show I am not having financial difficulties to pay)	3.86

Organization Chart



Position Description of Key Managers

There will be one manager and an assistant manager because the manager will not be expected to be at the restaurant at all times. The manager will work with the assistant manager to split time in the store evenly. The two managers will be supervised by the owner and will follow all company policies along with abiding by the property's mission and values. The manager is the key to the restaurant's success which is why that they will be held to the highest standard and are expected to be an example for the entire organization. The manager will have several duties under the supervision of the owner:

- Recording and forecasting sales
- Working with the accountant to work through systems so that all restaurant data is accumulated correctly
- Hiring
- Training
- Scheduling
- Employee Morale programs
- Ordering and upkeep of equipment
- Ordering and receiving of food
- Inventory
- Supervising prep
- Supervising sanitation and cleanliness
- Alcohol management
- Food Safety and procedure management
- Health Code responsibilities
- Working with corporate office to make sure all marketing programs are in use
- Establishing security protocols

Four articles to support the plan with correct APA citation

Top 10 Food Trends of the Decade

Discover which trends topped the list for the editors at foodchannel.com, and find out how you can get on the foodie bandwagon from the comfort of your own kitchen.



Sushi

Sushi lovers always draw you in with that first California roll, don't they? Then it's on to crunchy shrimp and Philly rolls, then [nigiri](#) and [maki](#) before you can say "edamame". If you'd like to [get your sushi roll on at home](#), check out this [great party idea](#) and our [guide to sustainable sushi](#).

<http://www.myrecipes.com/how-to/food-trends-10000001968023/>

Rabobank Report: Unstoppable Rise Of Quick Service Restaurants In United States

By 2018, Spending on Food Away from Home will Exceed Food at Home for First Time

NEW YORK, June 18, 2012 /PRNewswire/ -- A new report authored by Rabobank's global Food & Agribusiness Research and Advisory group looks at the growth of the Quick Service Restaurant (QSR) or fast-food sector in the United States, in particular the category's success in weathering economic downturns, managing input costs, and responding to changing consumer tastes.

In the report, Rabobank analyst Nicholas Fereday charts the remarkable resilience and robustness of the U.S. restaurant industry in recent years, noting that the industry's contribution to U.S. GDP exceeds that of food manufacturing. Rabobank predicts restaurants will continue to take an increasing slice of the U.S. consumer food dollar, with leading QSRs being the particular beneficiaries of consumers' growing preference for eating out vs. at home.

Key Points of the Report

- The U.S. restaurant industry has an excellent track record of riding out the highs and lows of the business cycle and taking a growing slice of the consumer food dollar.
- Rabobank predicts the growth of spending on food away from home will continue to outpace spending on food at home and, by 2018, will exceed spending on food at home for the first time.
- Although there was a temporary emphasis on eating more at home during the 2007-2009 recession, that proved to be a blip. Contrary to some views, Rabobank believes that the U.S. has not reached a turning point in consumer habits or a move back to thrifty habits and home cooking; it would take a cultural sea change to completely reverse consumer behavior and preference for dining out.
- Adept at maintaining brand relevance, the QSR sector will capture most of the gain in spending on food away from home.
- QSRs have adopted a number of winning strategies to either sustain their growth over the long term or to successfully navigate through the current recession and macroeconomic uncertainty.
- Within the QSR world, the "fast-casual" concept – for example, restaurants such as Chipotle Mexican Grill and Panera Bread – has become a rising star.
- By addressing the nutrition and quality issues that currently hound QSRs, coupled with a low-cost service model, fast-casual restaurants point towards a new direction for the QSR sector.

Winning Strategies of QSRs

- Giving consumers what they want: Successful QSRs are adroit in profiting from giving consumers what they want by responding to longer-term lifestyle changes and to emerging trends towards healthy eating options, premium coffee, etc.
 - Early adoption and expansion of the franchise business model: Franchising spares the franchisor the heavy capital investments and management responsibility involved in building a chain of restaurants, while providing a stable stream of rent and royalty income and much faster growth.
 - Driving costs out of the system through supply chain efficiencies. Over time, many leading QSRs have also proven very adept at driving costs out of their supply chain, employing risk management practices and leveraging scale. QSRs have also learned the value of close collaboration, building long-term partnerships with their decentralized supply and distribution networks.
 - Adapting to uncertain times. Since the 2007-2009 recession, some chains and restaurant concepts have fared better than others. Rabobank attributes their success in part to pioneering strategies such as menu diversification, improving the look and feel of the restaurants, branching out into more eating occasions, and improving the quality of dining experience.
 - Fast-casuals challenge the conventional view of QSRs. These restaurants position themselves in a sweet spot, combining the convenience and relative cheapness of fast food with a higher quality dining experience.
- Rabobank is a global financial services leader providing wholesale and retail banking for the food and agriculture industry, asset management, leasing, real estate services, and renewable energy project financing. Founded over a century ago, Rabobank today is one of the largest banks in the world, with nearly \$1 trillion in assets and operations in over 40 countries, and ranks among the top rated private banks by S&P and Moody's. In North America,

Rabobank is a premier bank to the food, beverage, and agribusiness industry and a leading financier of renewable energy and energy infrastructure projects. www.Rabobank.com
SOURCE Rabobank

<http://www.prnewswire.com/news-releases-test/rabobank-report--unstoppable-rise-of-quick-service-restaurants-in-united-states-159401355.html>

NEWS RELEASE**December 9, 2008**

FOR RELEASE: Immediately

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CITY OF LINCOLN AND 2015 VISION TO AGGRESSIVELY PROMOTE RETAIL DEVELOPMENT ALONG P AND Q STREETS CORRIDOR***GOAL TO RAISE \$600,000 AND ATTRACT 15 NEW BUSINESSES WITHIN FIVE YEARS***

Dec. 9, 2008 – Lincoln, Neb. – Lincoln Mayor Chris Beutler, 2015 Vision and Downtown Lincoln Association (DLA) officials today announced they will raise money to aggressively promote new retail business growth along P and Q streets in downtown Lincoln. A half million dollars in private support and a \$100,000 City contribution would be available to attract 15 new businesses to the corridor over the next five years. Downtown Ventures, a 501(c)(3) organization formed several years ago to promote downtown business development, will serve as the financing entity to receive and distribute the funds.

Mayor Chris Beutler said the private support will give City officials a tremendous advantage in attracting businesses to the downtown Lincoln area.

"During challenging economic times, having access to capital will give our community an edge in helping entrepreneurs get their businesses up and running in downtown Lincoln," Mayor Beutler said. "I commend 2015 Vision business leaders for kicking off the program with the initial financial contributions and for their ongoing commitment to helping us raise additional private funds to support development of this corridor."

Under the program, the Mayor will recommend to the Lincoln City Council that \$100,000 be made available to support development along P and Q streets. With Council approval, 2015 Vision will immediately match the \$100,000 and pledge to raise another \$150,000. Downtown Ventures has pledged to raise an additional \$250,000 of private money, bringing the total to \$600,000 dedicated to support business growth along the corridor.

Tom Smith, a 2015 Vision member and downtown business owner, said Lincoln's downtown has a built-in clientele of those who work in government, education, and business as well as an excellent mix of students, local residents and visitors. Many, he said, are looking for new shopping, dining and entertainment opportunities.

"We believe this program will benefit a wide range of developers and will be especially attractive to recent UNL graduates, who can take advantage of this fund to start a business career and remain in our city," Smith said. "The private sector is providing a five-to-one match of funds through Downtown Ventures, which could be used for equity positions, lease subsidies, low-interest construction loans and other capital needs. All of these options are critical to growing our downtown business base."

Terry Uland, Downtown Lincoln Association president, said a consultant study released earlier this year provides the blueprint for the types of quality businesses to attract to the downtown Lincoln area.

"The consultant study made it clear that Lincoln has the population base required for entrepreneurs on a local or national basis to succeed," Uland said. "The study also indicated that a retail support program was needed to help developers find available equity and low-interest financing required for retail, restaurant, entertainment or other business ventures to get up and running. The \$600,000 that will be available through Downtown Ventures is just what is needed to attract quality businesses to Lincoln's downtown."

Mayor Beutler and 2015 Vision representatives said they anticipate putting the first \$200,000 to use as soon as possible.

-end-

http://lincoln.ne.gov/city/mayor/media/2008/pdf/2015_120908.pdf

THE HOTTEST FRANCHISE TRENDS - 8 TO GET IN ON NOW

So, here we are in 2006 and you may still be trying to figure out what to do with the rest of your life. If self-employment has been a long-time dream, you might wonder "How does one get there and minimize risk?" Or if you are tired of the corporate life and want to control your own destiny, you may wonder "Can I break free from the corporate cult?"

The answer to minimizing your risk, controlling your destiny and uncapping your earnings potential could be through a franchise business. Franchising a [business](#) format has been around for more than 60 years. And this style of business is more than just a booming trend. According to the International Franchise Association, franchised sales account for almost 10% of private sector output and 1 in 7 jobs in the US. These businesses are so hot that top business schools, such as Kellogg School of Management at Northwestern University, are adding franchise classes to their elective curriculums and those classes have waiting lists.

A common potential issue business owners face, especially those with already lucrative careers, is how will you continue to take care of your obligations while you build your dream? Recent research suggests that you can turn dreams into reality through planning for your business, researching industries, building your business in stages and focusing on the many benefits of self-employment. Many day-job converts soon realize that you can either work hard for someone else or you can work hard for yourself.

I often hear "But, I didn't spend [time](#) building my nice life to turn around and make sandwiches all day". Want to know a secret? Franchises are no longer all about food. In fact, less than 30% of franchise opportunities are food. That means an incredible range of self-employment opportunities especially in the lucrative business to business professional sector. Amazingly, there is a franchise for almost any type of business in the US economy. The trick is to pick the right one for you.

With literally thousands of franchises, which ones are on the upswing? What trends seem to be the most sustainable? Is one of these right for you? For 2006, here are the latest trends and opportunities for you to review:

FOOD: Quick-serve restaurants are more and more popular. The National Restaurant Association estimates sales in 2005 exceeded \$134 billion, up nearly 5% from the previous year. People today want fresh and healthy options that fit into their busy lifestyle. The fast food days of the golden arches and the colonel are fading. More importantly, people are also willing to pay more for these quality options. Baby boomers who grew up on fast food are now getting older and realizing that a healthy diet can make a huge impact on their health. The biggest trends involve salads, soups, sandwiches and other healthy options that make people feel good about their meal and snack choices.

BUSINESS TO BUSINESS: The ultimate sleeper franchise. Small business represents 99.7% of private employers and account for more than 50% of the non-farm gross domestic product which is \$6 trillion of the GDP¹. Yes, trillion with a "T". Of these businesses, nearly 70% employ 5 or less employees which means they often can't afford specialized, in-house staff to do everything like [big](#) corporations. Consequently, outsourcing to experts continues to be the trend. While some categories are standard like web design, [marketing](#) and advertising, newer ones like HR consulting, business coaching, and financial advising are popping up. For many newly-minted, corporate escapees, business-to-business professional [service](#) firms that value the importance of affordable, top-notch expertise and excellent [customer](#) service are a brilliant choice.

HOME IMPROVEMENT: Low-interest rates, a persistent housing boom, and a continued fascination with bringing high-quality entertainment to your house help make the home decorating and remodeling fields stand-out. Everything from window fashions to kitchen remodeling, from outside decks to stained glass specialty items create a mass of options for sprucing up one's home. An increase in real estate values has created an interesting dynamic – a large group of homeowners who can't afford to move, but have good equity in their house. Many are tapping into their 2nd mortgage and using some of the proceeds to remodel or do an addition to the house. All this adds up to making home improvement a continued winner.

Are you dreaming of self employment? Being your own boss? Calling your own shots and reaping the rewards? Or is the risk of leaving your cushy corporate job stopping you cold? If you've read this far you, maybe you are ready to be the next franchise owner.

Yet, only 3% of small businesses are franchises. Why? Because most would-be entrepreneurs want to "wing it" themselves. A sobering statistic is that 60% of businesses fail after 6 years. Buying into a franchise gives the franchise owner a proven profit model and a process by which profits can come quickly. If being self-employed, minimizing risk, using a sound business model with good training and support, and running a profitable business sounds good to you then franchising is the ticket. Ultimately it is you who makes the business successful. It is you who must feel good and bring [passion](#) to your work. But, you don't have to go it alone if you buy a franchise.

1: Source: SBA, "Small Business by the Numbers," June 2004